

Report of the Congressional Committees Investigating the

Iran-Contra Affair

Appendix B: Volume 16
Depositions

Daniel K. Inouye, *Chairman*,
Senate Select Committee
Lee H. Hamilton, *Chairman*,
House Select Committee

U.S. Senate Select Committee
On Secret Military Assistance to Iran
And the Nicaraguan Opposition

U.S. House of Representatives
Select Committee to Investigate
Covert Arms Transactions with Iran

November 13, 1987.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed.

November 17, 1987.—Ordered to be printed.

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United States Senate

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 ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
 WASHINGTON, DC 20510-6480

March 1, 1988

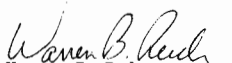
Honorable John C. Stennis
 President pro tempore
 United States Senate
 Washington, D.C.

Dear Mr. President:

We have the pleasure to transmit herewith, pursuant to Senate Resolution 23, Appendix B to the final Report of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. We will submit such other volumes of Appendices to the Report as are authorized and as they become available.

Sincerely,


 Daniel K. Inouye
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(202) 225-7902

March 1, 1988

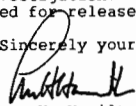
The Honorable Jim Wright
Speaker of the House
U. S. Capitol
Washington, D. C. 20515

Dear Mr. Speaker:

Pursuant to the provisions of House Resolutions 12 and 330 and House Concurrent Resolution 195, 100th Congress, 1st Session, I transmit herewith Appendix B to the Report of the Congressional Committees Investigating the Iran-Contra Affair, House Report No. 100-433, 100th Congress, 1st Session.

Appendix B consists of the depositions taken by the Select Committees during the investigation. The contents of Appendix B have been declassified for release to the public.

Sincerely yours,


Lee H. Hamilton
Chairman

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Brown, Arthur E., Jr.

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Calero, Adolfo.
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Cave, George W.
C/CATF.

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Chatham, Benjamin P.
CIA Air Branch Chief.
CIA Air Branch Deputy Chief.
CIA Air Branch Subordinate.
CIA Chief.
CIA Communicator.
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Cole, Gary.
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Miller, Johnathan.

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Napier, Shirley A.
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Preface

The House Select Committee to Investigate Covert Arms Transactions with Iran and the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, under authority contained in the resolutions establishing them (H. Res. 12 and S. Res. 23, respectively), deposed approximately 290 individuals over the course of their 10-month joint investigation.

The use of depositions enabled the Select Committees to take sworn responses to specific interrogatories, and thereby to obtain information under oath for the written record and develop lines of inquiry for the public hearings.

Select Committees Members and staff counsel, including House minority counsel, determined who would be deposed, then sought subpoenas from the Chairmen of the Select Committees, when appropriate, to compel the individuals to appear in nonpublic sessions for questioning under oath. Many deponents received separate subpoenas ordering them to produce certain written documents.

Members and staff traveled throughout the United States and abroad to meet with deponents. All depositions were stenographically reported or tape-recorded and later transcribed and duly authenticated. Deponents had the right to review their statements after transcription and to suggest factual and technical corrections to the Select Committees.

At the depositions, deponents could assert their fifth amendment privilege to avoid self-incrimination by refusing to answer specific questions. They were also entitled to legal representation. Most Federal Government deponents were represented by lawyers from their agency; the majority of private individuals retained their own counsel.

The Select Committees, after obtaining the requisite court orders, granted limited or “use” immunity to about 20 deponents. Such immunity means that, while a deposed individual could no longer invoke the fifth amendment to avoid answering a question, his or her compelled responses—or leads or collateral evidence based on those responses—could not be used in any subsequent criminal prosecution of that individual, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the court order.

An executive branch Declassification Committee, located in the White House, assisted the Committee by reviewing each page of deposition transcript and some exhibits and identifying classified matter relating to national security. Some depositions were not reviewed or could not be declassified for security reasons.

In addition, members of the House Select Committee staff corrected obvious typographical errors by hand and deleted personal and proprietary information not considered germane to the investigation.

In these *Depositions* volumes, some of the deposition transcripts are followed by exhibits. The exhibits—documentary evidence—were developed by Select Committees’ staff in the course of the Select Committees’ investigation or were provided by the deponent in response to a subpoena. In some cases, where the number of exhibits was very large, the House Select Committee staff chose for inclusion in the *Depositions* volumes selected documents. All of the original

exhibits are stored with the rest of the Select Committees' documents with the National Archives and Records Administration and are available for public inspection subject to the respective rules of the House and Senate.

The 27 volumes of the *Depositions* appendix, totalling more than 30,000 pages, consist of photocopies of declassified, hand-corrected typewritten transcripts and declassified exhibits. Deponents appear in alphabetical order.

Publications of the Senate and House Select Committees

Report of the Congressional Committees Investigating the Iran-Contra Affair,
1 volume, 1987.

Appendix A: *Source Documents*, 2 volumes, 1988.

Appendix B: *Depositions*, 27 volumes, 1988.

Appendix C: *Chronology of Events*, 1 volume, 1988.

Appendix D: *Testimonial Chronology*, 3 volumes, 1988.

All publications of the Select Committees are available from the U.S.
Government Printing Office.

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Committee Hearings
of the
U.S. HOUSE OF REPRESENTATIVES

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by D. Sirko, National Security Council



NAME: NIE153002

PAGE 1

1 RPTS STEIN

2 DCMN BAKMAN

3 2:00

4

5 DEPOSITION OF DAVID O. LEINANT

6

7 Tuesday, June 2, 1987

8

9 U.S. House of Representatives.

10 Select Committee to Investigate Covert

11 Arms Transactions with Iran.

12 Washington, D.C.

13

14 The Committee met, pursuant to call, at 2:00 p.m., in

15 Room B-352, Rayburn House Office Building, with Thomas

16 McGough presiding.

17 On behalf of the House Select Committee: Ken Buck,

18 Pamela Naughton.

19 On behalf of the Senate Select Committee: Thomas

20 McGough, Hank Flynn.

21 On behalf of the Witness: Mr. Perkins of the

22 Department of Justice.

UNCLASSIFIED

UNCLASSIFIED

NAME: NHR153002

PAGE 2

23 [Witness sworn.]

24 MR. McGOUGH: On the record.

25 Mr. Perkins, I am Tom McGough from the Senate
26 Select Committee. Pam Naughton from the House Committee and
27 Ken Buck from the House Committee are also here.

28 So the record is clear, Mr. Perkins, could you
29 state for the record who you represent and who you work for?

30 MR. PERKINS: I work for the Department of Justice
31 and I represent Mr. Leiwant.

32 MR. McGOUGH: In his personal capacity?

33 MR. PERKINS: I represent him in relation to his
34 official acts for the Department.

35 MR. McGOUGH: I guess we have had discussions
36 before with the Department of Justice, and our position has
37 been that if you are representing Mr. Leiwant, if the
38 Department attorney is representing Mr. Leiwant in his
39 personal capacity, they may participate; but if they are
40 here as representatives of the Department of Justice, then
41 under the House rules, which are somewhat stricter than the
42 Senate rules, we have taken a position that representation
43 is not appropriate, or attendance at the deposition is not
44 appropriate.

45 So that the record is clear, did anyone alert you
46 that we have been drawing that distinction?

47 MR. PERKINS: Yes.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR153002

PAGE 3

48 MR. McGOUGH: Which position are you in?
49 MR. PERKINS: I am representing him in his personal
50 capacity.
51 MR. McGOUGH: Is that acceptable to you, Mr.
52 Leiwant?
53 THE WITNESS: Yes.
54 MS. NAUGHTON: Did you wish that the contents of
55 the deposition remain confidential or will you waive that
56 privilege and allow the contents of the deposition to be
57 disclosed?
58 THE WITNESS: I will waive privilege.
59 EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE
60 BY MR. McGOUGH:
61 Q Would you state your full name, please, and spell
62 it for the record?
63 A David Owen Leiwant, L-e-i-w-a-n-t.
64 Q Mr. Leiwant, what is your date of birth?
65 A February 9, 1955.
66 Q And how are you employed?
67 A I am Assistant United States Attorney in the
68 Southern District of Florida, located in Miami.
69 Q Starting with college, could you give me your
70 educational background?
71 A I have a Bachelor of Arts from Yale College '77,
72 Juris Doctor from the University of California at Berkeley.

UNCLASSIFIED

NAME: NIR153002

UNCLASSIFIED

PAGE 4

73 1981.

74 Q Did you take any time off between college and law
75 school?

76 A Yes, I did.

77 Q When was that and what did you do?

78 A I took the '77-'78 year off. I spent a few months
79 as a professional frisbee player and I also spent some time
80 teaching public school in Elizabeth, New Jersey.

81 Q Starting with your graduation from law school in
82 '81, could you tell me your employment history?

83 A I was employed with the law firm of Saiber,
84 Schlasinger, Satz & Goldstein in Newark, New Jersey.

85 Q Where in New Jersey?

86 A In Newark, New Jersey. And that was from September
87 of '81 through July of '83.

88 Q Was your position there as an associate?

89 A Yes, I was an associate.

90 Q Were you a member of any bar?

91 A I was and I am.

92 Q Why did you leave Saiber, Schlasinger, Satz &
93 Goldstein?

94 A I didn't like the way the firm was run and didn't
95 feel I was getting enough responsibility and court time.

96 Q Where did you go at that point?

97 A I took about five--I was traveling, traveled for

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98 four or five months and I was interviewing with U.S.
99 Attorneys' Offices and other prosecutorial agencies and
100 started work for the U.S. Attorney's Office in Miami in
101 February of '84.
102 . Q Who was the U.S. Attorney when you began your
103 employment?
104 . A Stanley Marcus.
105 . Q Did you at that time become a member of the Florida
106 Bar?
107 . A I was already a member of the Florida Bar. I
108 became a member of the Florida Bar in June of '83.
109 . Q You left Saiber Schlesinger when in '83?
110 . A In July.
111 . Q So there was approximately one year between the
112 time you left the law firm until you--
113 . A No. There was approximately seven months. I spent
114 three of those months traveling in Europe and one month
115 traveling in the Far East.
116 . Q And I presume that you have been with the U.S.
117 Attorney's Office as an Assistant U.S. Attorney since that
118 time?
119 . A Yes.
120 . Q What was the position you took with the U.S.
121 Attorney's Office, if it had a title, when you first went to
122 the U.S. Attorney's Office? What section were you in or

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123 what division?

124 . A I was in the Appeals Division. I was originally
 125 supposed to be temporarily in the Appeals Division and then
 126 going into the Criminal Division, but I stayed in the
 127 Appeals Division, of which I am still a member.

128 . Q You say you were originally--it was supposed to be
 129 temporary. Was that by agreement with Mr. Marcus?

130 . A Yes. When I had been hired, I was told I would go
 131 directly into a new trials unit. When I got to Miami, they
 132 said that they had changed their policy and were now
 133 rotating all new attorneys through the Appeals Division.

134 . I found that I enjoyed appeals and was good at it,
 135 and they liked my work, so I stayed in appeals.

136 . Q Do you handle both civil and criminal appeals?

137 . A Yes, but primarily criminal.

138 . Q Do you do any trial work in addition to your
 139 appellate work?

140 . A Occasionally, but very rarely.

141 . Q Under what circumstances would you do trial work?

142 . A When I sometimes do motions for other people who
 143 have big cases, or if there is a legal issue.

144 . I am doing a Section 2255 motion in the District
 145 Court right now which was assigned to me because the
 146 underlying case had occurred fifteen years ago and the
 147 attorney was--~~he was no longer in the office.~~

very senior and was unwilling to do it

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148 . So I sometimes pick up things, orphan cases and
149 things like that.

150 . Q Have you ever been involved as an Assistant U.S.
151 Attorney in an ongoing criminal investigation?

152 . A How exactly do you mean that?

153 . Q Have you ever had responsibility within the U.S.
154 Attorney's Office for an ongoing criminal investigation?

155 . A I have never had primary responsibility. I have
156 worked with others who do have primary responsibility.

157 . Q Who is your immediate supervisor?

158 . A Linda Collins Nertz is the Chief of the Appeals
159 Division.

160 . Q Was she your supervisor in February of '84 when you
161 joined--

162 . A Yes, she was.

163 . Q Does she report directly to the U.S. Attorney?

164 . A I believe so. I am not exactly sure how it works.

165 . Q There came a time, did there not, when Mr. Marcus
166 left the office and Mr. Kallmar was appointed acting U.S.
167 Attorney?

168 . A Yes.

169 . Q Do you remember approximately when that was?

170 . A Approximately August of '85, I believe, but I could
171 be wrong.

172 . Q Prior to that time had you worked at all under Mr.

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173 Kellner?

174 . A Not really. He was the Executive Assistant and as
175 such didn't really have any case responsibility that I was
176 aware of. I don't believe I worked under him.

177 . Q After Mr. Kellner became U.S. Attorney or acting
178 U.S. Attorney, did your responsibilities or duties in the
179 office change in any way?

180 . A No.

181 . Q You know, of course, an Assistant U.S. Attorney by
182 the name of Jeffrey Feldman?

183 . A Yes, I do.

184 . Q Have you ever worked with Mr. Feldman on any
185 matter?

186 . A When Mr. Feldman entered the office, he rotated
187 through the Appeals Division and I supervised him on some
188 appeals, and I have answered trial questions he has had
189 since he has moved into the Trial Division. I think that is
190 pretty much it.

191 . Q Did there come a time in--I believe it was early
192 '86--when you had contact with a case that--let's call it the
193 Garcia case, Mr. Garcia being the original informant who
194 raised allegations of an assassination plot and gun-running
195 that resulted in an ultimate investigation? Did there come
196 a time in early '86 when you had some contact with that
197 case?

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198 . A Well, I did not know it as the Garcia case.
199 . Q But you know the case to which I refer?
200 . A Yes.
201 . I had peripheral contact with the investigation.
202 . Q How do you refer to the case, if at all?
203 . A I really have never had a name for it.
204 . Q Calling it, just for lack of a better term, the
205 Garcia case, can you tell me what your first contact was
206 with it, when it first came to your attention?
207 . A Yes. I believe it was Friday, April 4, 1986, I was
208 working, preparing for an oral argument in the library at
209 the U.S. Attorney's Office. It was definitely after 5:00--it
210 might have been around 6:00--and Ana Barnett came into the
211 library and saw me working at the juris computer.
212 . Q Who is Ana Barnett?
213 . A Executive Assistant at the U.S. Attorney's Office.
214 . She said that Mr. Kallner needed to see a copy of
215 the Boland amendment, she didn't know how to find it and
216 could I find it for her.
217 . Q Did she tell you why he needed to see it at that
218 time?
219 . A I don't believe she did.
220 . Q What did you do?
221 . A Since I was already on the computer, I think I
222 started to look on the computer. She started to look in the

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223 U.S. Code, Administrative News. I believe I eventually
224 found at least one of the Boland amendments on the computer
225 and printed it out and we brought it into Mr. Kallner's
226 office.

227 Q Who was in Mr. Kallner's office when you delivered
228 the Boland amendment?

229 A Mr. Kallner, Jeff Feldman, and I don't remember
230 whether Ms. Barnett was already there or whether she came in
231 with me.

232 Q So it would have been at the time you delivered the
233 copy, Mr. Kallner, Mr. Feldman, Ms. Barnett and yourself--

234 A Were the only four people in the office, that's
235 correct.

236 Q What happened?

237 A I came in the office with the printout. Mr.
238 Kallner was on the telephone.

239 Q As you came in?

240 A As I came in.

241 And I went over to the end of the table and just
242 gave the printout to Ana Barnett without saying anything,
243 because I didn't want to interrupt the phone call. It
244 appeared that Mr. Kallner was talking to someone from the
245 Justice Department in Washington.

246 Q It appeared he was talking to someone from the
247 Justice Department in Washington. Can you relate to us, as

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248 best you can, what you heard of the telephone conversation?

249 A I heard things that Mr. Kallner said and things
250 that sounded like he was repeating. The name of Lowell
251 Jensen came up once or twice.

252 Q You say his name came up once or twice--in the
253 context of it was Lowell Jensen on the other end of the
254 phone or they were speaking of Lowell Jensen?

255 A I came to the conclusion it was Lowell Jensen at
256 the other end of the phone. I thought it might be Steve
257 Trott at the other end of the phone, since in the past when
258 Mr. Kallner spoke to the Justice Department, he had been
259 speaking to Mr. Trott.

260 Q But references to Mr. Jensen suggested to you that
261 it was Mr. Jensen on the other end of the line?

262 A That is what I thought at that time.

263 Q What else can you recall about the conversation?

264 A I remember Mr. Kallner--it sounded like he was
265 repeating things, sort of like--I don't remember any exact
266 words, but to the effect of, so you want us to keep it
267 quiet, or of course we will keep it quiet, something to that
268 effect, and something about going slow on the investigation.

269 At some point--I don't know whether Ane Barnett was
270 whispering this to me while Mr. Kallner was on the phone or
271 whether she told me this in the library--but I had been
272 informed that Jaff Feldman had come back from Costa Rica and

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273 had been investigating charges that there was gun-running to
 274 the contras, possible violations of the Arms Export Control
 275 Act and the Neutrality Act.

276 And then--Mr. Kellner was only on the phone in my
 277 presence for a few minutes and then he got off the phone and
 278 looked at us and said something like, Washington--they want
 279 us to go slow on this.

280 But he had a look on his face which I had seen
 281 before, sort of a ~~smile~~ ^{grimace} 1308 7:24, which gave me the impression that
 282 he wasn't going to pay any attention to them.

283 He also said something like, wanting us to make
 284 sure that nothing came out, nothing came out about the
 285 investigation, with the same look on his face, because we
 286 had previously been the victims of leaks from Washington on
 287 ongoing investigations.

288 So my immediate impression was that he was telling
 289 us what they wanted but wasn't going to pay too much
 290 attention to it.

291 I think at that point I said something about that I
 292 thought there might be some connection between that and the
 293 upcoming vote on the contra aid. I don't think anyone said
 294 anything in response. It was just a throw-away comment.

295 2 Was there any further discussion of the telephone
 296 conversation that you can recall, after Mr. Kallnar
 297 terminated it?

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If he knew
 nothing about
 the case --
 (P. 11)
 What was
 said so that
 he knew we
 dealt with
 Contras?

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298 . A No. After he terminated it and got off the phone
299 and made those brief statements, I didn't hear any
300 discussion of the telephone conversation at all.

301 . Q Can you recall anything else about the telephone
302 call or anything Mr. Kellner said out loud that you
303 overheard, other than what you have told us?

304 . A I cannot.

305 . Q Do you know how long that telephone call lasted, as
306 you witnessed it?

307 . A No, I don't. It was my impression he was not on
308 for more than five minutes while I was in the room. I was
309 listening to it with half an ear, and I was pulling statute
310 books out of the bookcase on the other and of the table, to
311 get the wordings of the Neutrality Act and other cases while
312 he was on the phone.

313 . Q These statute books were in his office?

314 . A Are in his office.

315 . Q How did you know about the upcoming vote on the--

316 . A I have been reading about it in the newspapers.

317 . Q Was there any discussion in that group of newspaper
318 articles or publicity associated with aid to the contras
319 that you can recall?

320 . A Not that I can recall.

321 . Q How long were you in Mr. Kellner's office that
322 evening?

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323 . A I really don't remember, but I think it was about
324 Half an hour, perhaps 45 minutes.

325 . Q Now, we have talked about portions of a telephone
326 conversation you overheard. We have talked about your
327 remark or what Mr. Kellner said about keeping it quiet and
328 going slow after he got off the phone. We have talked about
329 a side conversation or some conversation you had with Ms.
330 Barnett about the investigation itself.

331 . A Yes.

332 . Q And you have mentioned the one remark you made that
333 referred to the upcoming vote.

334 . Is there anything else you can recall about that
335 meeting, that half-hour or 45-minute meeting that evening?

336 . A Yes. Jeff Feldman was very excited about what he
337 had found out in Costa Rica, as apparently they had been
338 discussing this for quite some time. I just came in late.
339 But it seemed like Mr. Kellner was of the opinion that the
340 only real solid evidence we had at the time was the
341 possibility of there had been illegal arms shipments from
342 Fort Lauderdale Airport [REDACTED] and
343 the possibility of people having been involved in that.

344 . Then we discussed generally what Jeff's ideas were
345 and what possible violations of Federal statute they
346 involved. We discussed the possibility of violating the
347 Arms Export Control Act and the question of whether there

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348 would be a violation of such an act if people exported guns
349 without a license but with the approval of the Executive
350 Branch and the President.

351 We discussed the Neutrality Act, the Neutrality Act
352 conspiracies and its possible application to what Jeff had
353 found out, to the leads he had gained, and we also discussed
354 the Boland amendment--I think we only had one of them; I
355 later found out that there were two--and since the Boland
356 amendment contains no criminal penalties for its violation,
357 what would be--if there was any criminal penalty for
358 violating the Boland amendment.

359 We talked about the possibility of contempt of
360 Congress, as well as the vague possibility of a conspiracy
361 against the United States.

362 2 Let's back up for a moment.

363 You said in the context of the Arms Export Control
364 Act, that you explored whether it could be violated where
365 there was Executive Branch approval or approval by the
366 President. What facts or allegations had come to your
367 attention at that point that raised the possibility of
368 Executive Branch involvement in that?

369 A Well, there was--Jeff was excited over what he had
370 found. Mr. Kellner thought that we were lacking hard
371 evidence as to just about everything except the arms export.
372 Nevertheless, speculating that it is possible that the CIA

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373 was involved, or that the National Security Council was
374 involved--

375 Q Was there any mention made of either the CIA or the
376 NSC?

377 A I believe we specifically mentioned the NSC. I am
378 not sure if we specifically mentioned the CIA.

379 Q When you say "we," do you remember who?

380 A I don't remember who mentioned it originally.
381 Apparently there were some leads back to people who were
382 possibly identified with the NSC. I am not sure if Oman's
383 name came in.

384 Jeff did mention--I am not sure exactly who
385 mentioned it, but it seemed like they had already talked
386 about it and that they thought there was a possibility that
387 the National Security Council and/or the CIA were somehow
388 involved in approving of this.

389 We didn't really investigate--I didn't really do any
390 research at that time as to whether you could violate the
391 Arms Export Control Act if you had Executive approval, but
392 we just kicked it around a little.

393 Q Did Colonel Oliver North's name come up?

394 A I don't remember. I knew that I was aware of it at
395 that time, of his name, and I had read articles about him.
396 But I don't know if his name came up.

397 I do believe--for some reason I believe that the

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398 name of Owen had come up.

399 Q If Colonel North's name had been mentioned, would
400 it have rung a bell with you? You say you had read--

401 A It might have been. I don't remember either way.

402 I cannot say with any surety.

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403 RPT3 BOYUM

404 DCHM BANMAN

405 2:30

406 Q Was it the alleged involvement of the Executive
407 Branch that brought about this discussion of the Boland
408 amendment as a possible basis for a criminal violation?

409 A I was asked to--I was asked to bring the Boland
410 amendment in and it seemed obvious--well, they were talking
411 about the possibility of the National Security Council, CIA,
412 and who knows also in the Government being involved with
413 this, which we thought would clearly be a violation of the
414 Boland amendment.

415 The only question is what we would be able to do,
416 what charges we would be able to bring if we were able to--if
417 we could prove a violation of the Boland amendment.

418 Q Do you recall any discussion of the Grand Jury
419 investigation at that point?

420 A Yes.

421 Q What do you recall about it?

422 A I recall that Jaff was eager to go to a
423 Grand--mentioned being eager to go to a Grand Jury. Nothing
424 specific was said, whether it would or would not be an
425 immediate Grand Jury investigation, that I heard.

426 But Mr. Kallner did point out that the only hard
427 evidence we had at the moment was really the evidence of the

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428 | gun shipment.

429 | 2 Did Mr. Kellner take a position on whether or not
430 | it was an opportune moment to go to the Grand Jury?

431 | A I don't really recall. I just remember him--I guess
432 | it is just an impression of him sort of calming Jeff down.

433 | Jeff was very ready to do anything to go ahead immediately.

434 | He thought he had pretty much all he needed to go ahead.

435 | But I don't remember any discussion being made or announced

436 | on whether there would be a Grand Jury or when or whether

437 | there would not be a Grand Jury

438 | 2 Can you recall anything else about that meeting?

439 | A Not really.

440 | 2 Do you recall how the meeting closed? What, if
441 | anything, was the outcome or next step after the meeting?

442 | A No, I don't remember. I may have even left before

443 | the meeting--before everyone else left, because I was not

444 | part of the investigation.

445 | I had simply--I was simply in there initially

446 | because I could find the amendment, which was not that easy

447 | to find, and, secondly, to give my opinions as someone from

448 | the Appeals Division on the applicability of certain

449 | statutes to the facts we had or thought we might develop.

450 | And seeing as it was a Friday night and after 6:00, by then

451 | I was quite eager to go home.

452 | 2 Again I just want, before I bring up another point,

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453 I want to make sure--have you relayed to us all your
454 recollections of that meeting?

455 . A I believe so.

456 . Q Let me probe on the question, go back to the phone
457 call with Mr. Kellner, or with Mr. Kellner on the phone.
458 What was it about the phone call or subsequent conversations
459 from which you concluded that he was speaking to someone at
460 main Justice and/or Mr. Jensen or Mr. Trott?

461 . A Well, it could have been that when I came into the
462 room, Ana whispered to me, 'He is talking to Justice.' It
463 could have been. I don't remember.

464 . Q You say Ana?

465 . A Ms. Barnett, Ana.

466 . Q Or it could have been just from hearing the
467 conversation, and I don't remember very much specifically
468 about the conversation but hearing the names I was hearing,
469 and I was very accustomed to be in Mr. Kellner's office
470 while he was talking to the Department.

471 . Q On the possibility that Ana might have mentioned it
472 to you, you don't recall, or do you, whether she accompanied
473 you, stayed with you in the library and then accompanied you
474 back into Mr. Kellner's office, or whether she preceded you
475 back to the office?

476 . A I don't really remember. I think she preceded me
477 back in there. We did not--I don't think we found it in the

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478 U.S. Code, Congressional News, so I was working on the
479 computer to get it out of the data base.

480 Q Did you consider Mr. Kallner's statement, that
481 Justice wants us to go slow and Justice wants us to keep it
482 quiet, unusual and noteworthy?

483 A Well, I thought it was noteworthy in the sense of I
484 thought this was semi-politically sensitive, but not--I mean,
485 Justice, as far as I knew, gave us direction, suggestions on
486 all sorts of ongoing investigations.

487 Q Were you asked to do any further research on that
488 case?

489 A About two months--a month or two later, either in
490 May or June, I think, Richard Gregorie, who was the Chief of
491 the Criminal Division at the time, asked me to keep myself
492 available to give Jeff any assistance he needed on the case,
493 and soon after that I was in the library and Jeff was
494 researching something on the Neutrality Act and he asked me
495 to look something up or find something, and I did. But that
496 was really the extent of my work.

497 Every so often I would run into Jeff in the office
498 and ask him how it was going. In fact, I was actually kind
499 of surprised that I was not asked to do any more research on
500 it after the time in May, and then I didn't really do
501 anything.

502 Q Did you ever discuss that case with Mr. Kallner

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503 again?

504 . A No. Never did.

505 . Q Did you ever discuss it with Ms. Barnett again?

506 . A No. Well, I--let me put it this way. I didn't

507 discuss the case as an investigation. I discussed, in March

508 of this year, what my recollections of the meeting were.

509 . Q I understand. We will talk about that in a minute.

510 . Let's take it up to January 1 of this year.

511 . A No, never. I spoke to Mr. Feldman occasionally.

512 . Q Did you ever, other than that brief contact with

513 Mr. Gregorie, discuss it--the case--with him again?

514 . A No, I don't think so.

515 . Q Just so we can close this set then, other than Mr.

516 Feldman and beyond, between that April 2 meeting and January

517 1 of this year, did you ever discuss that case with anyone

518 else in the office?

519 . A In the office?

520 . Q Yes.

521 . A I may have mentioned it to Linda Nertz at some

522 point, but this was--this would be like after November, after

523 the revelations, and I think I had read some article and I

524 had mentioned to her that I had been at this meeting and I

525 didn't think that this was the way it had happened.

526 . I don't remember. I told her I thought something

527 was wrong about it. That is the only other person in the

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528 office I discussed this with.

529 . Q Recall for me, if you will, the discussions you had
530 with Mr. Feldman, if you can put them in some kind of order.

531 . A Well, I don't know if I can put them in some kind
532 of order.

533 . I know that one day in the late spring or early
534 summer, I was coming into the building or coming out of the
535 building and he was standing on Miami Avenue with his jacket
536 off and I asked him how the case was going. He said he had
537 just gotten back from Costa Rica again. But that is really
538 all we said.

539 . Then when I would run into him in the halls
540 occasionally, I would ask him, if I remember--and I guess in
541 September or October I asked what was going on and he said
542 something about going to the Grand Jury and he showed me, he
543 had a legal pad and he had a name--like three pages with
544 names of witnesses, and he was happy that it was finally
545 going to the Grand Jury. I really can't swear to the date,
546 though.

547 . Q Now, your first meeting on this case was around
548 April 2; is that right?

549 . A I believe it was Friday, April 4.

550 . Q Friday, April 4. Sorry.

551 . And you believe that that was after Mr. Feldman
552 returned from Costa Rica.

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553 . A Yes. That was mentioned at the meeting. I had not
554 even known he had gone to Costa Rica.

555 . Q And then you believe there was a second trip to
556 Costa Rica because Mr. Feldman told you he had just returned
557 from Costa Rica at a later date?

558 . A Yes.

559 . Q Can you put a time frame on that conversation you
560 had with him, the one about the second trip?

561 . A I really have a problem doing that. I mean, it was
562 after--it was perhaps between late May and August 1. We had
563 a very hot summer, so it was not unusual for someone to be
564 standing outside with his jacket off. It was just a very
565 peripheral meeting.

566 . Q And the comment about being ready to go to the
567 Grand Jury and showing you a legal pad, can you put a time
568 frame on that?

569 . A Could have been anywhere from September through
570 November. I am not really sure.

571 . Q Did you ever discuss this case with representatives
572 of the FBI?

573 . A Of the FBI?

574 . Q Yes.

575 . A No.

576 . Q Up to January 1 of this year?

577 . A No, I did not.

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578 . Q How about anyone at main Justice?
579 . A No, no one at the Justice Department.
580 . Q Have you ever seen any written reports or records,
581 other than the yellow pad that Mr. Feldman showed you--
582 . A No, I have not.
583 . Q --relating to this case?
584 . A No.
585 . Q Did you ever ask to see any written reports on the
586 case?
587 . A No.
588 . Q Did you ever discuss this case with anyone outside
589 the Department of Justice?
590 . A Yes.
591 . Q When and with whom?
592 . A I believe it was in August of 1986, John Mattes
593 from the Public Defender's Office and myself were both in
594 Atlanta. We had oral arguments the following day. We were
595 friends and we were members of the same gym and, in fact, I
596 believe that Mr. Mattes had mentioned something about
597 Garcia, his client Garcia, back in January or February.
598 . We were working out at the gym and I didn't even
599 listen. It sounded to me like another defendant's story.
600 We get people all the time who are convicted of one thing--
601 charged with one thing or another and they say they worked
602 for the CIA or DEA or something

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603 . Q When was that conversation?
604 . A I believe it was in January or February.
605 . Q Before the April 4 meeting.
606 . A Before, yes. I didn't even remember the name
607 pretty much until it was mentioned at the April meeting.
608 . John and I were having a drink the night before--we
609 were booked in the same hotel in Atlanta--and he was talking
610 about he had gone down to Costa Rica and this is what he had
611 found and there was this and that going on. And there had
612 been an article in the Miami Herald, I guess, right around
613 that time, in which the article claimed that Mattes and his
614 investigator had gone to Costa Rica and come back and had
615 been threatened by Feldman and two FBI agents.
616 . And so John was telling me about, you know, what
617 really happened, what he said really happened and how he
618 thought the newspaper article had misrepresented what had
619 happened, and he was asking me if I knew if anything had
620 ever happened with the case. I said that--not as far as I
621 knew.
622 . I may have--it is very tough to remember--I may have
623 mentioned to him, at some point between April and that time,
624 that I knew or had had something to do with the case, but it
625 was in August that I told him that I had heard, you know,
626 that it didn't seem like much of anything was happening, I
627 was surprised it wasn't happening, and about what I had

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628 | heard and seen at the meeting.

629 | Q You related to him the incident or what you had
630 | seen at the meeting on April 4?

631 | A Yes. In very general terms.

632 | Q Tell us, as best you can, exactly what you told
633 | him.

634 | A I think I told him that it was my impression that
635 | there was political prassure being put on from main Justice
636 | for us to not do the investigation and, as far as I knew,
637 | the investigation was still proceeding but I couldn't
638 | understand why nothing further had happened, to my
639 | knowledge.

640 | John was interested in that and I told him about--I
641 | tried to tell him what I had heard in the phone call more
642 | specifically.

643 | Q Did you discuss any other aspects of the case with
644 | him?

645 | A I don't think so, because I really didn't know too
646 | much about the other aspects of the case. He was--it was
647 | more he was telling me what had happened to him and what
648 | Garcia had said and what was going on. I really didn't know
649 | anything about the case.

650 | Q Had you been drinking at the time you made this
651 | statement to him?

652 | A I think--he was having a beer and I was having a

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653 glass of wine.

654 . Q Was that your first glass of wine, as you recall?

655 . A Yes, my first glass of wine.

656 . Q Did you have any further discussions with Mr.

657 Mattes about this case?

658 . A He asked me some questions about it. He would
659 bring it up once in a while and then in November he asked me
660 to meet with him--have lunch with him, and I did. And when I
661 got there, there were three people or--two or three people
662 there. I think one of them was John's investigator and two--
663 the other two were from the Senate Foreign Relations
664 Committee.

665 . Q Do you remember their names?

666 . A I believe one of them was Dick McCall.

667 . Q Do you remember the other one?

668 . A No, I don't remember the other one.

669 . Q Did Mr. Mattes tell you in advance that there were
670 going to be other people at the lunch?

671 . A No, I don't think he did.

672 . Q Did he tell you--did you have any indication prior
673 to going there that the Garcia case was going to be a topic
674 of discussion?

675 . A I don't think so. I am not really sure. He may
676 have given me the impression that he wanted to talk about it
677 with me some more. But I can't really remember.

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678 . Q What happened at the lunch?

679 . A Well, basically John told me who these people were
680 and they introduced themselves and said that he had told
681 them what I had told him and they just wanted to hear it
682 from me. And I basically just confirmed, you know, told
683 them what I had heard, which immediately thereafter I
684 thought was a mistake, but I had already done it.

685 . Q Why did you think it was a mistake?

686 . A Well, I had a feeling that, as I was walking back
687 to the office and thinking about it, that I didn't believe I
688 was supposed to talk to people from Congress or another
689 agency without regular approval. I think there are
690 regulations about getting the approval of the Justice
691 Department.

692 . Q Had those occurred to you prior to the
693 conversation?

694 . A No. It just happened. It was rather sudden. It
695 just occurred to me when I was walking back.

696 . Q Had it occurred to you after the first conversation
697 you had with Mr. Mattes that perhaps that was a conversation
698 you shouldn't have had?

699 . A No, not until this conversation. You know, I had
700 assumed Mr. Mattes would keep this in confidence. I really
701 had no reason to believe he was going to tell anyone about
702 it. It was more in the--more like trading war stories, John

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703 saying, "I went to Costa Rica and I thought they were going
704 to kidnap me. I got threats on my life," and all, and me
705 saying, "Well, you know, I think there is pressure on my
706 office not to investigate this thing too thoroughly."

707 Q What happened next?

708 A I think this occurred in November--I am not
709 sure--some Friday in November.

710 A few weeks later John said that Senator Kerry was
711 down, was in Miami, and would like to speak to me, and I
712 went--you know, I basically confirmed what I--John had already
713 told him, apparently the other people had told him already,
714 as well, what I had said. And he asked me some questions
715 and I told him what I had said and he didn't seem exactly
716 happy with what I was saying, because he and a lot of other
717 people were apparently under the impression that Mr. Kellner
718 had said, that I had heard Mr. Kellner say to Mr. Feldman to
719 take it easy or something like that, which was not the case.
720 I had heard Mr. Kellner say that Washington wanted us to
721 take it easy, or go slow, or whatever the exact words were,
722 and it was my impression, as I told the Senator then and I
723 have told you earlier, that Mr. Kellner was not going to
724 follow that pressure from Washington.

725 Q So we had a brief talk and that was it.

726 MR. FLYNN: Would you repeat what you thought he
727 said? I mean what the Senator said.

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728 . THE WITNESS: The Senator seemed to be under the
729 impression that I had heard Mr. Kellner tell Mr. Feldman to
730 go slow on the case, and I did not hear that.

731 . MR. FLYNN: Okay.

732 . BY MR. McGOUGH:

733 . Q Was anyone other than Senator Kerry present when
734 you spoke with him?

735 . A John Mattes was also present.

736 . Q Now, you had advance notice of that meeting; is
737 that right?

738 . A Not really. Maybe fifteen minutes.

739 . Q What time of day was it?

740 . A I think it was in the afternoon, early afternoon,
741 1:00.

742 . Q Did you have any reservations about meeting that
743 commitment--

744 . A Yes, I did.

745 . Q --or attending that meeting?

746 . A Yes, I did.

747 . Q Did you discuss the meeting or your reservations
748 with anyone in the U.S. Attorney's Office?

749 . A No, I did not.

750 . Q Up until or up through the meeting with Senator
751 Kerry, did you let anyone in the U.S. Attorney's Office know
752 that you were speaking to someone else?

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753 A I don't think so, no. I don't think I did.
754 Q You hesitated for a moment.
755 A Well, I spoke to Linda Hertz about it, but I think
756 afterwards. I have spoken to her a few weeks after or--she
757 knew at some point, but I am pretty sure it wasn't
758 beforehand. In fact, I am sure it was not beforehand.
759 Q After the Kerry meeting, what happened next?
760 A Not really a lot. You know, I had run into John.
761 He would tell me what was going on. I would read things in
762 the newspaper.
763 Then I guess it was March I received a telephone
764 call from--well, actually what happened was I had read some
765 article somewhere where my--where I was mentioned, not by
766 name but what I had heard was mentioned, like word-for-word,
767 and I was very upset with this and I told John that I was
768 very upset with it and I wanted to know how that had
769 happened, and he said that apparently he had told someone
770 who is a plaintiff in a lawsuit and that they had given it
771 to the newspaper person.
772 And then when--I guess it was in March, it might
773 have been April, I received a phone call at my home from
774 Hayden Gregory, who was, I guess, an investigator with the
775 House Judiciary Committee, who wanted to speak with me.
776 When that happened, I decided that I should go to--I
777 went to Ana Barnett and I told her what basically had

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778 happened, who I had spoken to, that Gregory called and
779 wanted to speak to me and that I had heard the conversation.
780 I was at the meeting. And I told her and Mr. Gregory--they
781 were together.

782 They were actually quite happy to hear that it was
783 I who had been the leak, as they said. They said they had
784 been very worried about who was the leak. They thought it
785 might be an agent, an FBI agent or something. They were
786 happy it was me, who was very peripheral, and Ms. Barnett
787 said she had not even remembered that I was at the meeting.

788 And they said they would tell Mr. Kallner, who was
789 in a meeting at the time, that I told them and that he came--
790 that a couple days later Mr. Kallner came in and told them
791 that he had notified the special prosecutor--I also told Ms.
792 Barnett that I had received a phone call from the Washington
793 Post reporter who wanted to interview me for a story and I
794 had not talked to him about it.

795 That was the other thing. I had received a call
796 from a reporter. Now, the way that came about was back in
797 April of 1986, when I had heard this originally, I had
798 thought of speaking to a friend on the Washington Post about
799 this, the fact that we were basically supposed to keep it
800 quiet, that there was actually an investigation going on.

801 And I even called this friend in a round-about way
802 and I told her that I might know something about the

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803 | contras, and she didn't really sound very interested. And
804 | the next week, I guess it was Wednesday or so, the story
805 | broke in the--that there was an investigation going on, in
806 | the New York Times, I think it was Wednesday or Thursday.
807 | And with that happening, I felt there was really no need for
808 | me to say anything.

809 | Q When did you call this reporter?
810 | A I think it--I think I called her--it could have been
811 | probably the weekend or maybe even a Tuesday or Wednesday.
812 | I was in Atlanta on Monday and Tuesday. I may have called
813 | her on the Wednesday and the story may have come out either
814 | that Wednesday or Thursday in the papers.

815 | Q This was Wednesday or Thursday after--
816 | A Right.

817 | Q --after the April 4 meeting?
818 | A Right, after the meeting.

819 | Q Why did you--why did you even broach that subject
820 | with her, with a reporter?
821 | A I thought of broaching it because there had been,
822 | and were continuing to be, denials from the Administration
823 | in the newspapers that there were any investigations going
824 | on, that there was any information about this--deliberate
825 | misstatements, not just the usual tending to confirm or deny
826 | there is an investigation going on. There were specific
827 | details. That worried me.

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828 Q What worried you?

829 A What worried me was the fact that people in
830 Washington were deliberately lying, that they knew there was
831 an investigation going on, that they had told us to keep it
832 quiet, and they had told us to not do it, to slow down the
833 investigation. And that worried me.

834 Q What exactly did you tell the reporter?

835 A I was very round-about. I told her that I might
836 know something about the contras and Nicaragua. I am not
837 even exactly sure what I told her about it. But she didn't
838 sound very interested. Her husband was also a reporter on
839 the Post, who was actually doing Central American stuff, and
840 I spoke to him for a minute and he didn't sound very
841 interested either.

842 Q Who was the reporter, by the way?

843 A Margaret Shapiro.

844 Q Were you prepared to answer questions if Ms.
845 Shapiro did, in fact, ask them?

846 A I don't know what I was prepared to do at that
847 time. I am not even sure what day I spoke to her.

848 When the story came out in the papers, in the New
849 York Times and I am not sure where else, by that time I was
850 not prepared to say anything further. Basically I thought
851 everything I had to say had already come out. I felt that
852 someone had beaten me to it.

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853 RPTS STEIN

854 DCMN BANNAN

855 3:00

856 . 2 Other than Ms. Shapiro, have you discussed this
857 case with any members of the press or the media?

858 . 1 Well, I didn't really discuss it with her. And, as
859 I say, I think I spoke briefly to her husband, Fred Hyatt.

860 . 2 At the same time?

861 . 1 It could have been. I think I called her at home.

862 . 2 Were there one or two calls?

863 . 1 I am not sure. It could have been--I only seem to
864 remember one. But I didn't really say anything, and nothing
865 really came of it.

866 . 2 Why would you speak to both Ms. Shapiro and Mr.
867 Hyatt?

868 . 1 Because if I call her at home and her beat was
869 Congressional and his was Central America, and I knew him as
870 well, since we all knew each other socially, and I think she
871 just said Fred would probably be more interested.

872 . 2 Are they in the Miami Bureau of the Washington
873 Post?

874 . 1 No.

875 . 2 These are Washington, D.C., people?

876 . 1 They were Washington, D.C., people. I think they
877 are going to be Southeast Asian correspondents.

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878 . Q Have you discussed--other than with Ms. Shapiro and
879 Mr. Hyatt, have you discussed this case with any reporters?
880 . A No.
881 . Ms. Shapiro called me and asked me if I was willing
882 to speak to the Washington Post reporter this April, I guess
883 it was, whenever he was doing the story--March or April--and I
884 said I was not willing to do that.
885 . I have also received calls--I was recently away from
886 the office for two weeks and I received a telephone call
887 from a reporter from the Miami Herald on May 22nd, and a
888 story ran on May 25th. I did not speak to him either.
889 . Q Have you, on any other occasions, discussed
890 Department of Justice business with reporters?
891 . A No, I have not. I am not even sure that the
892 conversations I had were specific enough to be described as
893 discussing Department of Justice business with a reporter.
894 . Q With that qualification--did you ever have similar
895 conversations with a reporter that couldn't be considered
896 specific enough?
897 . A No, I did not.
898 . Q Did you at any time provide anyone outside the U.S.
899 Attorney's Office with copies of documents--
900 . A No, I did not.
901 . Q --or the original documents in this case?
902 . A No, I did not.

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903 . Q You therefore deny being the source of the Feldman
904 memorandum that has been quoted--

905 . A I have never even seen the Feldman memorandum. I
906 certainly didn't give it to anyone.

907 . MR. McGOUGH: I don't know that we have to mark
908 this as a deposition exhibit.

909 . BY MR. McGOUGH:

910 . Q You provided no memoranda to anyone?

911 . A I provided no memoranda. All I provided was a
912 printout from the computer with the text of the Boland
913 amendment.

914 . Q You provided that to whom?

915 . A I think I gave it to Ana Barnett that day and I
916 haven't seen it since.

917 . Q That is the only piece of paper that you handled--

918 . A That I generated, yes.

919 . Q When you first went to Ms. Barnett and Mr. Gregorie
920 and told them that you had been the source of this report in
921 the newspaper--

922 . A That I felt I had been the source.

923 . Q That you felt you had been the source. All right.

924 . --did you discuss with them what you had told Mr.
925 Mattes and Senator Kerry?

926 . A Yes.

927 . Q Did you discuss, in the course of that, Mr.

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928 Kellner's conversation that you had overheard?

929 . A I did.

930 . Q Did Ms. Barnett acknowledge that that conversation

931 had taken place?

932 . A First she said that she had forgotten I was even at

933 the meeting and that no one remembered either. But now she

934 remembered.

935 . She also acknowledged that there had been a

936 conversation, but that she did not remember that being said,

937 and that she thought Mr. Kellner was talking to a man named

938 Mark Richard, who apparently works with Mr. Jensen.

939 . Q Just so the record is clear, so that we can focus

940 on what Ms. Barnett acknowledged or didn't acknowledge, she

941 acknowledged that there was, in fact, a conversation that

942 took place at that time?

943 . A Yes, that Mr. Kellner was probably on the telephone

944 when I came in and it was probably with this Richard person,

945 of whom I had never heard.

946 . Q But she did not recall either a reference to going

947 slow or a reference to keeping it quiet?

948 . A Right. She said she had no real recollection of

949 what had been said during the telephone call.

950 . Q Did Mr. Gregoria have anything to add along those

951 lines?

952 . A No. He at first thought he was in the meeting and

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953 then we talked about it a little further and he realized he
954 hadn't been involved in that meeting.

955 Q What sparked that recollection, if you know?

956 A I don't remember. It was talking in more detail,
957 exactly when it happened, what happened, because--the fact
958 that there were only four people in the room and Dick wasn't
959 one of them.

960 Q Was Mr. Sharf in the room?

961 A He was not.

962 Q Who is Mr. Sharf, for the record?

963 A Larry Sharf is an attorney in my office. I think
964 he is special counsel.

965 Q Did you ever discuss this case with Mr. Sharf?

966 A No.

967 Q Let's run through the same exercise with Mr.
968 Kellner, that is, you went to Mr. Kellner or he came to you
969 and discussed the fact that you had thought you might be the
970 source for this story.

971 A No. What he did was--he was in a meeting when I was
972 speaking to Ana Barnett and Dick Gregoria. I believe a few
973 days later he came to Appeals--I was in an open area--and he
974 asked me to go to my office.

975 He said he had notified the special prosecutor's
976 office of the information I had and that they were probably
977 going to want to interview me. He said he specifically

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978 remembered never having said anything like that about going
979 slow and he seemed very upset.

980 . And I tried to tell him that I had been misquoted
981 in the papers because I had never heard him tell Feldman to
982 go slow.

983 . Q But you did tell him that you recalled him relating
984 that as the desire of the Justice Department?

985 . A Yes. And he said he didn't--specifically no one
986 ever said that to me, I never heard that.

987 . Q Did he make any reference to whether or not the
988 phone call had occurred at all?

989 . A I don't think so. He didn't mention that. It was
990 very brief, no more than two minutes in my office.

991 . Q Have you had any further discussions with Mr.
992 Kallner about this--

993 . A No, I have not.

994 . Q --about this incident?

995 . A No.

996 . Q How about with Ms. Barnett?

997 . A Not really. She is sort of the contact person for
998 travel and things, so--for instance, yesterday I went in and
999 asked her what the procedure--if she knew what the procedure
1000 was like. I spoke to her when I originally got the request--
1001 I had received the call from Washington--trying to keep her
1002 up to date.

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1003 . Q Have you discussed the matter with Mr. Gregorie
1004 since then?

1005 . A No.

1006 . Q With Mr. Sharf?

1007 . A No.

1008 . Q Since the discussion about going to the Grand Jury
1009 way back in '85, have you discussed this matter at all with
1010 Mr. Feldman?

1011 . A No. I spoke to Mr. Feldman briefly about the
1012 procedures of this, of the committee, and that's all. And
1013 we didn't even really have much of a conversation on that,
1014 as neither of us feels it is very appropriate for us to be
1015 talking.

1016 . Q Do you know who released the Feldman memorandum to
1017 the press?

1018 . A No, I do not.

1019 . Q Do you have any idea who leaked the Feldman
1020 memorandum?

1021 . A I have no belief that is based on anything factual.

1022 . Q Do you have any suspicions?

1023 . A I have--it is my understanding that it appeared
1024 originally in the Washington Times last summer, and it has
1025 been my suspicion, from things I have read in the media over
1026 the past two years, that it could possibly be someone
1027 involved in the Department of Justice or with the

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1028 Administration. But I have no facts upon which to base
1029 that. It is simply a supposition.

1030 . Q Did you review any documents in preparation for
1031 coming here?

1032 . A No. I looked through my calendar to make sure I
1033 didn't have any documents, and I found that I did not.

1034 . Q Other than Mr. Parkins, have you spoken to anyone
1035 at the Department of Justice about this matter?

1036 . A In what sense? I have spoken to two other people
1037 in the Office of Legislative--I guess it is Legislative
1038 Affairs, about my appearance here. But I have not spoken to
1039 anyone about the specifics of my testimony.

1040 . Q Who in OLA?

1041 . A Caroline Nevel and Mr. Boyd, I believe his name is.

1042 . Q Have you been interviewed by independent counsel?

1043 . A Yes, I have.

1044 . Q Have you appeared before the Grand Jury?

1045 . A I have not.

1046 . Q Let me just take a moment to review a couple of
1047 things.

1048 . Let me go back to your conversation with Ms.
1049 Shapiro and Mr. Hyatt. Do you recall whether you told
1050 either of them or mentioned to either of them the telephone
1051 call in particular?

1052 . A I don't think I did.

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1053 . Q Do you know whether you made any other semi-
1054 contemporaneous statements to anyone relating to that phone
1055 call--did you mention the phone call, the instructions to go
1056 slow or the instructions to keep it quiet, to anyone else at
1057 or about the time it occurred?

1058 . A Not as far as I can remember.

1059 . Q When was the first time you recall discussing that
1060 telephone call and the instructions that the Department
1061 allegedly gave Mr. Kellner, with anyone?

1062 . A I think it was August when I was talking to Mr.
1063 Mattas.

1064 . Q And that would have been the first time?

1065 . A I think so.

1066 . Q At the time any of this occurred, at the time the
1067 telephone call occurred, did you raise with Mr. Kellner or
1068 Ms. Hartz or any of your superiors the propriety of going
1069 slow or keeping this investigation quiet? Did you say, wait
1070 a second, that is not what we are supposed to be doing?

1071 . A No, I did not, because it was my impression that we
1072 were not going to be going slow on the investigation. And,
1073 as to the propriety of keeping the investigation quiet, it
1074 is quite proper to keep a pending investigation quiet. In
1075 fact, the most I was willing to tell anyone, would have been
1076 willing to tell anyone, was that contrary to the denials,
1077 that such an investigation did exist, and--see, this was on a

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1078 Friday. On Monday I went to Atlanta. I got back Tuesday
1079 night.

1080 I guess it was Wednesday or Thursday--Wednesday
1081 morning or Thursday, probably Wednesday, Thursday, Friday, I
1082 am not sure on the date--it was sometime that week it came
1083 out in the paper.

1084 I didn't really have a chance to do anything. I
1085 think all I did was call Ms. Shapiro. That didn't go
1086 anywhere. It came out in the papers and I felt, well, we
1087 are investigating this, it is known that there is an
1088 investigation going on, that is all that needs to be done.

1089 Q So other than the call to Ms. Shapiro, you didn't
1090 take any steps to counteract or repeal this thing until you
1091 spoke to Mr. Mattas?

1092 A Right, as far as I can remember.

1093 MR. McGOUGH: That is all I have.

1094 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

1095 BY MS. NAUGHTON:

1096 Q Is Mr. Mattas related to anyone on Senator Kerry's
1097 staff, do you know?

1098 A I do not know that as a fact, but I have been told
1099 that his sister has something to do with Senator Kerry.

1100 Q Did you learn that before you spoke to him about
1101 the substance of this case?

1102 A Well after.

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1103 . Q So you didn't know, when you were speaking with him
1104 in August, that he perhaps had a relative on the staff?
1105 . A I did not.
1106 . Q Did Senator Kerry make this trip especially for
1107 this purpose or was he in the area for another reason?
1108 . A I have no idea.
1109 . Q But he was alone at the meeting with Mattes?
1110 . A There was someone else with him who was in and out,
1111 but he was borrowing the office of a Dade County
1112 commissioner, he was using that office. I don't know what
1113 else he was doing there.
1114 . Q Was it in a county government building?
1115 . A Yes, the Metro Dade Building.
1116 . Q The April 4th meeting, the telephone call, when you
1117 say that Lowell Jensen's name came up or was referred to,
1118 was it as if Mr. Kallner was saying, "Oh, Lowell Jensen,"
1119 or was he saying, "I will do that, Lowell," or, "That
1120 will happen, Mr. Jensen"?
1121 . A I don't remember. I do know that Mr. Jensen's name
1122 came up.
1123 . Q Do you remember which part--first name, last name?
1124 . A I think the first name more than the full name, but
1125 I think both parts came up.
1126 . Q When he referred to Lowell, did it sound like he
1127 was referring to a third person, in other words, "Lowell

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1128 | told me this.

1129 | . A When he was on the phone?

1130 | . Q Yes.

1131 | . A I don't remember. I really don't.

1132 | . Q When you say that, you had a sense he was talking

1133 | to main Justice from other experience when you have been in

1134 | his presence when he was talking to main Justice?

1135 | . A I have been in his office a number of times,

1136 | waiting to talk to him, when he was talking to main Justice

1137 | about a case, and usually it is just a feeling that I get.

1138 | Either he has gotten off the phone and said he was talking

1139 | to Steve Trott or, knowing that he talks to Steve Trott

1140 | frequently, he will say Steve and talks about a case in a

1141 | way--I guess the attitude he would have in talking to someone

1142 | from Justice, as opposed to talking to a special agent in

1143 | charge from the DEA or FBI. It is a way he would talk to

1144 | these people.

1145 | . Q Can you describe it?

1146 | . A I got the feeling he is more deferential to people

1147 | from main Justice than he would be to people who were sort

1148 | of his equals. That's all.

1149 | . Q When you spoke to Ms. Barnett and Mr. Gregoria

1150 | concerning your discussions with Senator Kerry, were they

1151 | together?

1152 | . A Yes.

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1153 . Q And with Mr. Kallner?

1154 . A No. Mr. Kallner was in his office. This was in
1155 Mr. Gregorie's office. Mr. Kallner was in a meeting or on
1156 the telephone or something, and couldn't be interrupted.

1157 . Q I am confused now. Then Mr. Kallner did not hear
1158 your entire version until a couple days later--

1159 . A He never heard my entire version. Very briefly he
1160 came in and said that he never heard this--never said this to
1161 anyone, and I said I never said you said this to anyone.

1162 . That was a few days after that, and I haven't
1163 really spoken to him since.

1164 . Q When you met with Ms. Barnett and Mr. Gregorie, did
1165 Mr. Gregorie say he had attended any part of that April 4
1166 meeting?

1167 . A I got the impression that there had been meetings
1168 going on much of the day and that Mr. Gregorie was involved.
1169 in some of them, and Mr. Sharf was involved in some of them.
1170 I was only involved in this one near the end of my day. So
1171 I got the impression he had been involved in meetings on
1172 this subject.

1173 . Q He did not recall a phone call?

1174 . A After we talked about the meeting a little, Ana and
1175 Dick realized that Dick had not been there when I was there
1176 and neither had Larry Sharf.

1177 . Q After Mr. Kallner hung up the phone and told to the

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1178 people in the room what had been said, did Mr. Feldman have
1179 a specific reaction to that?

1180 A I don't think so. It was--I don't think anyone
1181 really had much of a reaction. I was thinking that main
1182 Justice had a lot of nerve telling us not to leak a case
1183 when they have leaked two big ongoing investigations of ours
1184 since I had been in the office and when we still had people
1185 undercover.

1186 But I don't think anybody said anything. It wasn't
1187 like anyone was meant to say anything. It was more like
1188 that is what they want, let's get back to what we were
1189 talking about.

1190 Q Did either of those two leaks to which you referred
1191 have to do with evidence against anyone participating in the
1192 Sandinista movement or part of the Nicaraguan government?

1193 A The first one happened in '84, July '84, and it
1194 involved the Nicaraguan connection where cocaine was being
1195 flown up from Colombia allegedly through Nicaragua with the
1196 cooperation of the Sandinistas and then into the United
1197 States, and that had been--that operation had been blown in
1198 Washington before we were ready.

1199 Q And that was a DEA operation?

1200 A Yes, it was.

1201 Q Do you know who leaked that story?

1202 A I have no--I don't know. The story did leak right

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1203 around the time of the Democratic Convention, though. So I
1204 have my ideas, as did others.

1205 . Q To your knowledge, were there photographs taken of
1206 the Sandinista troops actually loading the cocaine onto the
1207 plane?

1208 . A Of the Sandinista troops--I wouldn't--no, I don't
1209 think there were any photographs of the Sandinista troops.
1210 There was a photograph of a person who is allegedly a
1211 Sandinista official loading cocaine.

1212 . Q Did this story appear in the Miami Herald?

1213 . A That story?

1214 . Q Yes.

1215 . A Yes, it did, as well as many other newspapers.

1216 . Q The other leak to which you referred, does that
1217 have anything to do with Central America?

1218 . A Nothing at all.

1219 . Q Iran?

1220 . A No. It was the Eastern Airlines baggage handling
1221 cases.

1222 . Q During the meeting of April 4th, did you take any
1223 notes while you were in the meeting?

1224 . A No, I did not.

1225 . Q Did Mr. Kellner?

1226 . A I didn't notice if anyone else did.

1227 . Q Or Mr. Feldman?

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1228 . A I don't know.

1229 . Q Do you know whether or not this was a phone call

1230 that was received by Mr. Kallner's office or dialed by Mr.

1231 Kallner's office?

1232 . A I don't know. When I came in, Mr. Kallner was on

1233 the phone.

1234 . Q Do you know whether or not the Office of

1235 Professional Responsibility has any sort of investigation on

1236 this case?

1237 . A I have no knowledge of that.

1238 . Q When you told Mr. McGough that you periodically had

1239 checked with Jeff Feldman on the case, what was his general

1240 attitude in terms of its progress? Was he happy with its

1241 progress, was he dissatisfied?

1242 . A It wasn't even that much of a response. I would

1243 run into him in the hall and say, "Jeff, how is the Grand

1244 Jury thing going?" He would say, "Well, no Grand Jury

1245 yet," or, "Still working on it," or, "Working on

1246 something else at the moment."

1247 . This would just be passing, maybe one sentence each

1248 way.

1249 . Q Was there ever an occasion when you ever retrieved

1250 any written materials from Mr. Feldman's office?

1251 . A No.

1252 . Q For any reason?

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1253 . A No, I don't think so.

1254 . Q The investigator you spoke to Mr. Mattas about, is
1255 that Ralph Maestri, M-a-a-s-t-r-i?

1256 . A Yes.

1257 . Q Did Mr. Feldman ever indicate to you that he had
1258 done his own research on the Boland amendment after yours?

1259 . A I knew he had been doing research. He didn't
1260 specifically say, "I am looking at the Boland amendment,"
1261 but I knew he had been doing research on the Neutrality Act.

1262 . Q When you said Mr. Mattas discussed his trip to
1263 Central America, can you tell us what it is he told you?

1264 . A He said, "I have been down in Central America,"
1265 and he had been identifying himself as an Assistant Federal
1266 Public Defender and that there was some kind of translation
1267 mistake so the word got up here that he was representing
1268 himself as an Assistant United States Attorney, and he tried
1269 to talk to people and certain people had threatened him--I
1270 don't remember the names--and he felt that he had done well
1271 to get out of the country.

1272 . Q He was threatened in Costa Rica?

1273 . A Yes. He felt that he had been threatened.

1274 . Q Did he say it was by Americans in Costa Rica or by
1275 the Costa Rican people?

1276 . A I think he did say, but I don't remember exactly
1277 what he said. And he was talking about John Hull and he was

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1278 talking about stuff he had read in the papers and stuff he
1279 knew and stuff he thought he knew and speculating on who was
1280 involved in what.

1281 . He told me a little more about what his client had
1282 originally said, because I didn't know any of that.

1283 . Q Can you tell me what he said regarding the
1284 allegation that Mr. Feldman or the FBI had threatened him?

1285 . A He said that it wasn't really like that, that he
1286 had not felt as threatened as the newspaper article made it
1287 out to be. Because I had noticed when I read the newspaper
1288 article that they were talking about both John and Ralph
1289 Maestri, but they only quoted Ralph.

1290 . He said it was sort of not a real threat, but he
1291 definitely got the impression--I said that I didn't think
1292 Feldman would do that sort of thing. He said that wasn't
1293 the way it was in the paper, and some of the stuff had
1294 happened when the agents were there and Feldman wasn't.

1295 . Q So Mr. Mattes was in Costa Rica at the same time
1296 the FBI was?

1297 . A No, the FBI stuff happened in Miami.

1298 . Q I see. Okay.

1299 . The other person from the Senate Foreign Relations
1300 Committee, is that a man named Rosenblatt?

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1301 RPTS BOYUM

1302 DCMN BANMAN

1303 3:30

1304 . A I really don't remember his name.

1305 . Q Do you recall if that was a particular subcommittee
1306 of the Foreign Relations Committee?

1307 . A Could have been, but I don't really remember.

1308 . Q Did you get any kind of cards from them?

1309 . A No, I don't think so. I did remember Mr. McCall's
1310 name.1311 . Q Have you read any material from Senator Kerry's
1312 study of the Central American situation?

1313 . A No, I haven't.

1314 . Q Did Senator Kerry give you any particular guidance
1315 or instructions or ask you to get more information or
1316 anything along those lines?1317 . A No. He just told me that if it came to discussing
1318 this at any time, I should just tell the truth and be
1319 forthright.1320 . Q You said after you had considered or, I guess, had
1321 contacted a reporter in April of '86, there was a New York
1322 Times article that came out.

1323 . A Yes.

1324 . Q Can you recall what the New York Times article
1325 said?

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1326 . A Just generally that the U.S. Attorney's Office in
1327 Miami was investigating possible violations of Federal
1328 criminal law by the contras and I think they specifically
1329 mentioned the gun shipment. They had some detail, I think.
1330 . Q Did it appear as though the detail came from people
1331 who had been interviewed, or their attorneys, as opposed to
1332 an internal thing?
1333 . A I didn't--I don't know.
1334 . Q Was there any mention in that article of the case
1335 slowing down or being told to keep it quiet or anything like
1336 that?
1337 . A No, there was no mention of that, but that was just
1338 a mention that the investigation was indeed--that there was
1339 an investigation or an investigation had begun. So I didn't
1340 really expect to see anything about that.
1341 . Q Was there any discussion in your office after the
1342 New York Times article appeared?
1343 . A Not that I heard.
1344 . Q In terms of whom you spoke to at the main
1345 Department of Justice, you said you spoke to Mr. Boyd. What
1346 did he tell you?
1347 . A He just basically told me what the procedure was
1348 here. I don't think we really talked about much of
1349 anything. We didn't talk about anything substantive.
1350 . Q Did you discuss your appearance here today with

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1351 anyone, other than Ms. Barnett, Mr. Feldman or the people at
1352 main Justice?

1353 . A Well, I mean, I told my family about it, in case my
1354 name came out, which it already did in the Washington Times
1355 last Friday somehow.

1356 . Q There was an article in the Washington Times?

1357 . A Yes.

1358 . Q On Friday?

1359 . A Yes.

1360 . Q Can you recall what it said?

1361 . A Well, I have only--I just got a copy of it this
1362 morning. I took a brief glimpse at it. Basically laying
1363 out my name and what I was going to say, that I was going--
1364 that I was called here. But aside from talking to my family
1365 and a friend or two, just telling them that, you know, if
1366 they saw my name in the paper, you know, not to worry--just a
1367 little warning--I don't think I have discussed it with anyone
1368 else.

1369 . Well, Mr. Mattas knows that I was going to be
1370 talking here.

1371 . Q The article in the Washington Times, was there
1372 anything in terms of what you were going to say that was
1373 incorrect?

1374 . A I didn't read it closely enough. I just skimmed
1375 it. I just got a copy of it this morning. I haven't had a

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1376 chance.

1377 Q Do you know who might have told the Washington
1378 Times about your deposition?

1379 A No, I don't know.

1380 MS. NAUGHTON: I think those are all my questions.

1381 MR. BUCK: I guess I will start up, then.

1382 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

1383 BY MR. BUCK:

1384 Q What does a professional frisbee player do?

1385 A At the time I was running frisbee contests and
1386 participating in frisbee golf tournaments and other kinds of
1387 frisbee enterprises for minor amounts of money, doing
1388 frisbee demonstrations like at shopping centers, for a
1389 pittance.

1390 Q You are the first professional athlete I have
1391 deposed and I wanted to be sure I had that straight.

1392 At this April 4th meeting you mentioned the
1393 phrases, "Of course we will keep it quiet," and, "go slow
1394 on the investigation," or something to that effect.

1395 A Yes.

1396 Q Why did you think that the main Justice was telling
1397 Mr. Kellner that?

1398 A Well, I thought that the--that since there had been
1399 reports in the newspapers of denials from the Justice
1400 Department there was any investigation, that it could

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1401 be--might want it to be kept quiet definitely so it wouldn't
1402 possibly affect the vote on the aid, and they wanted it to
1403 be kept quiet and go slow so it wouldn't be a political
1404 liability basically.

1405 . Q For political reasons, then?

1406 . A Yes.

1407 . Q And you had already read denials in the newspapers--

1408 . A I believe that I had, I had read denials.

1409 . Q Let me finish the question.

1410 . You had read denials in the newspapers about an
1411 investigation of the contras?

1412 . A Yes, I believe that I had.

1413 . Q And at that point in time that you read the
1414 denials, you didn't know of any investigation.

1415 . A Right. I know of none.

1416 . Q Did it cross your mind that there may have been a
1417 national security purpose behind main Justice asking Mr.
1418 Kallner to keep it quiet or go slow on the investigation?

1419 . A National security purpose? I am not sure I can
1420 define that term adequately in the sense in which it might
1421 have been used by the Department.

1422 . I thought they might have, yes, considered it a
1423 national security purpose. Yet I had heard nothing, you
1424 know, either in what Mr. Kallner mentioned after the
1425 conversation, knowing what I had heard of the conversation.

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1426 were there any indications of that.

1427 . Q And let me get this straight about what you heard
1428 of the conversation. You were listening to it with half an
1429 ear while you were pulling some books.

1430 . A Or one ear, yes.

1431 . Q Half of your set of ears.

1432 . And, based on that, you determined that it was for
1433 political reasons that main Justice was asking Mr. Kellner
1434 to go slow?

1435 . A My surmise was that it was for political reasons.

1436 . Q Okay. Were there any--was there any other evidence,
1437 besides just the conversation that you overheard, that you
1438 surmised that?

1439 . A Well, the subject matter of the investigation
1440 itself, naturally, that led to that surmise.

1441 . Q You have also mentioned that Mr. Feldman was
1442 excited about what he found in Costa Rica.

1443 . A Yes, he was.

1444 . Q Do you remember what he found in Costa Rica that he
1445 was excited about?

1446 . A He thought he had, you know, evidence of all sorts
1447 of--he thought he had leads on all sorts of things involving
1448 CIA, I think, and I definitely know--I know the National
1449 Security Council was mentioned, and guns were coming in and
1450 the possibility of drugs and the possibility of

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1451 assassination plots and all sorts of cloak and dagger
1452 things.

1453 . He was very excited about it all.

1454 . Q Okay.

1455 . Were you present at a sort of a presentation of
1456 evidence to Mr. Kellner?

1457 . A No, I was not. I was just getting brief references
1458 to things that apparently everyone had already talked about
1459 in detail earlier. So I didn't know the details of any of
1460 this stuff.

1461 . I just knew--the only specific thing, I knew that we
1462 had pretty good evidence there had been a shipment of
1463 weapons from Fort Lauderdale [REDACTED]

1464 . Q What do you know about Mr. Mattes' client, Mr.
1465 Garcia?

1466 . A I know absolutely nothing about Mr. Garcia, except
1467 apparently it was his statement that started the entire
1468 investigation.

1469 . Q Do you know of any previous cases involving Mr.
1470 Garcia?

1471 . A No, I don't know of any. I believe there have been
1472 some, but I don't know of any.

1473 . Q Do you know if Mr. Garcia is in jail now or has
1474 ever been in jail?

1475 . A I know his conviction is on appeal, but I don't

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1476 know whether he is in jail. I assume he is in jail.
1477 . Q So you know he was convicted of a crime?
1478 . A Yes.
1479 . Q What crime was he convicted of?
1480 . A I don't know. I think it was something to do with
1481 weapons, illegal possession of weapons, because the Bureau
1482 of Alcohol, Tobacco and Firearms was involved. My office is
1483 right now responding to his appeal, but I am not working on
1484 the response.
1485 . Q Mr. Garcia is the--strike that.
1486 . Did you find it unusual that Mr. Garcia may have
1487 encouraged Mr. Mattes to look into this?
1488 . A I don't find that unusual at all. It's been my
1489 experience in the Southern District of Florida that we have
1490 lots of defendants who claim that they were working for the
1491 agency and, more surprisingly, occasionally it is true.
1492 . So it is not surprising to him to look into it, it
1493 is more surprising if it turned out to be true.
1494 . Q And what agency did Mr. Garcia say he was working
1495 for?
1496 . A I don't know.
1497 . Q Mr. Mattes didn't tell you that?
1498 . A He may have, but I don't really know.
1499 . Q What was Mr. Mattes' purpose, then, in talking to
1500 you initially, or do you know?

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1501 . A I don't know. It could have been just a war story
1502 again. We trade a lot of them.

1503 . Q And he followed it up?

1504 . A I think he originally spoke to me about this guy
1505 who was getting railroaded because he was working, really
1506 working for somebody--I think this was in January or
1507 February. We were like riding exercise bicycles next to
1508 each other and I wasn't even listening.

1509 . Q You said something about Mr. Garcia working for a
1510 Government agency?

1511 . A Or working with, you know--yes. And I filed it in a
1512 category with so many others I had heard and didn't think
1513 about it at all.

1514 . Q I think you also mentioned previously that you
1515 believed Washington--this was in reference to main Justice--
1516 was lying because there was an investigation going on of the
1517 contras, something to that effect.

1518 . This is a later denial.

1519 . A There was a denial, yes. I remember reading a
1520 denial--it may have been in early May--where they either
1521 denied the investigation was going on or they said the
1522 investigation was closed--I am not sure which--neither of
1523 which would have been true.

1524 . Q What was the investigation of, if you remember?
1525 What investigation were they referring to or not referring

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1526 to?

1527 . A I believe that they were referring to an
1528 investigation of violations of gun--the Arms Export Control
1529 Act, allegations that the contras were running drugs,
1530 allegations that the Government personnel were improperly
1531 involved in all of this stuff.

1532 . I think it was just like a one-inch thing in the
1533 New York Times that I read.

1534 . Q Were these investigations of the contras, the
1535 investigations that your office was performing, or were they
1536 related to American activities?

1537 . A I believe they involved both. I believe that there
1538 were contras involved with violating the Arms Export Control
1539 Act and also violating the Neutrality Act, and there was
1540 also the question of whether Government personnel were
1541 involved in violation of the Neutrality Act and the Boland
1542 amendment.

1543 . Q So there were actually contras in America involved
1544 in these; is that correct?

1545 . A Yes, in Miami, yes.

1546 . Q In the April 4 meeting you mentioned two things,
1547 one going slow on the investigation and the other about
1548 keeping it quiet.

1549 . Did you have a problem with both of those
1550 statements or was it more that you had a problem with going

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1551 slow on an investigation?

1552 A I had a problem--I had no reason to believe that we
1553 were going slow on the investigation. In fact, it was my
1554 impression that we were not. So I had no problem with that.

1555 Q Did you have a problem with being told to go slow,
1556 I guess?

1557 A I didn't think it was right. And then, you know,
1558 they can tell us whatever they want, but nevertheless it
1559 doesn't mean we are going to do it. I had more of a problem
1560 being told to keep it quiet, though of course I thought we
1561 would in general, when they were telling us to keep--it was
1562 my impression we had been told to keep it quiet so as to not
1563 catch them in false denials.

1564 So that is why, once the fact that the
1565 investigation existed came out, I had no real problem with
1566 what was going on and I didn't really even think about it
1567 for a number of months.

1568 Q What was the basis for your suspecting that main
1569 Justice leaked the DEA operation?

1570 A That main Justice leaked the DEA operation? I am
1571 not sure it was main Justice necessarily. In fact, people
1572 suspected that it was the Vice President's Task Force
1573 because apparently the Vice President himself had made the
1574 announcement which was the actual leak.

1575 Q Why did you believe that that was the case?

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1576 . A Well, when the Vice President--I believe the Vice
1577 President was quoted as saying that the Nicaraguan--the
1578 Sandinistas were running cocaine into the United States.
1579 And when he said that the investigation wasn't finished and
1580 we still had people undercover, in fact, and we were not
1581 ready to close the investigation--so naturally I assumed that
1582 it had been, you know, leaked. That is what I call a leak.

1583 . Q You saw the story?

1584 . A I saw the story. We were--the story came out. My
1585 division was told to start working on the extradition for
1586 Jorge Ochoa and, in doing that, I started hearing from the
1587 people, talking to the people who were conducting the
1588 investigation, what had happened, and what they felt had
1589 happened, getting their affidavits prepared for the
1590 extradition.

1591 . MR. BUCK: I have no more questions.

1592 . MR. McGOUGH: I have a few more.

1593 FURTHER EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

1594 . BY MR. McGOUGH:

1595 . Q Could you distinguish for me a little bit better
1596 between the January-February discussion you had about this
1597 with Mr. Mattes, about the Garcia case, and your August
1598 discussion?

1599 . At the time in January-February you had no
1600 independent knowledge of that case; is that right?

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1601 . A In January-February we were like just in the gym
1602 and he was telling me about some case he had, some defendant
1603 who was getting railroaded, he was really working for some
1604 agency. And I mean it is just a dim--I hear this sort of
1605 thing all the time from people.

1606 . Q Do you recall whether he mentioned any MSC
1607 involvement?

1608 . A Not really. I turned it off. I remember him
1609 mentioning it.

1610 . Q And you didn't have any input into the conversation
1611 because you had no information about it.

1612 . A No. I was just riding.

1613 . Q Between the April 4th meeting and--I just want the
1614 record clear--between the April 4th meeting and January 1--
1615 January 1 of '87, do you recall any conversations with
1616 Kellner, Barnett or Gregorie about the Garcia case?

1617 . A Between January 4--

1618 . Q Between the April 4th meeting and January 1. I am
1619 picking January 1 arbitrarily to cut off before the--

1620 . A I don't think so. I mean, Gregorie did mention to
1621 me, "Be available to help Feldman if he needs legal
1622 research done," but nothing beyond that.

1623 . I may have asked Gregorie the same question I would
1624 ask Feldman every so often, "How is the investigation
1625 going?" And he would say, "It is going," or this and

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1626 that--never anything substantive.

1627 . Q Let's go back to your telephone call to Ms. Shapiro
1628 and Mr. Hyatt.

1629 . I believe you said at that time that you were
1630 worried that the people in Washington were lying in saying
1631 that there was no investigation.

1632 . A Right.

1633 . Q And that that sparked your call. Is that right?

1634 . A Yes.

1635 . Q But that during that call you didn't make any
1636 mention of this telephone call you had overheard; is that
1637 right?

1638 . A No, I didn't.

1639 . Q If you were going to be offering charges or
1640 intimations against the people at main Justice, why didn't
1641 you mention the telephone call that you had overheard?

1642 . A Because I was deliberately being vague to start
1643 with, to see if anyone was interested. For all I knew, this
1644 information was already floating around. As it turned out,
1645 it was. So I just wanted to--

1646 . Q But a piece of information that clearly wasn't
1647 floating around was this telephone call that you had
1648 overheard.

1649 . A Right. I didn't--which I didn't know. I might have
1650 told them about it had I gone further. But it just didn't

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1651 go any further.

1652 . Q And you didn't push it further or attempt to push

1653 that out into the conversation?

1654 . A No, because what really bothered me at the time was

1655 the fact that it was being kept quiet. I didn't think that

1656 we were--that my office was going to be delaying the

1657 investigation in any way. As we sit here, I have no reason

1658 to believe that we have delayed the investigation in any

1659 way.

1660 . Q But just so we are clear on this, you were

1661 disturbed by the Department of Justice supposedly making

1662 this request of your office?

1663 . A Right.

1664 . Q And a few days later you were speaking to a

1665 reporter with an idea, at least, of offering information

1666 about that case?

1667 . A Right.

1668 . Q That was less than flattering about the Department

1669 of Justice.

1670 . A Right.

1671 . Q Yet you didn't volunteer anything about this

1672 telephone call that you had overheard?

1673 . A Well, that was all--you know, that would be

1674 everything I had to volunteer really.

1675 . Q You didn't mention that to them?

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1676 . A No.

1677 . Q No?

1678 . A No, I don't think I did.

1679 . Q Prior to joining the Federal Government, were you

1680 politically active at all?

1681 . A Not really. I worked in a campaign in 1972--'76,

1682 excuse me.

1683 . Q What campaign?

1684 . A The Fred Harris Democratic primary in New

1685 Hampshire.

1686 . Q Were there any other formal political activities

1687 that you can recall?

1688 . A Formal political activities?

1689 . Q As far as connections with campaigns.

1690 . A In 1972 I did work for a minor party Congressional

1691 campaign in New Jersey.

1692 . Q What was the minor party?

1693 . A I think it was the Peoples Party, a guy named Jim

1694 *Jim Ciemusky* or something.

1695 . Q Okay.

1696 . A That is about as far as I did go. I haven't really

1697 been that active.

1698 . Q Let me finish up and then go back to the key

1699 meeting, which is the April 4 meeting.

1700 . Obviously what you made is a fairly serious charge

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1701 about information that was conveyed from main Justice to
1702 your office. I want to kind of run down just a series of
1703 aspects of it.

1704 . You said you were listening to it with just one
1705 ear--

1706 . A Right.

1707 . Q --as you were doing other things, and that you only
1708 heard one side of the conversation and then you heard what
1709 Mr. Kellner said--

1710 . A Definitely.

1711 . Q --afterwards.

1712 . A Yes.

1713 . Q You were aware that Mr. Kellner denies that there
1714 were any such requests made to him by the Department of
1715 Justice?

1716 . A Yes.

1717 . Q Is it possible that what you overheard was a
1718 request by the Department of Justice to keep them posted, as
1719 opposed to a request to go slow?

1720 . A No. I don't recall that at all.

1721 . Q In other words, you are confident enough with what
1722 you heard and saw that you would, in your mind--it is not
1723 consistent with what you heard and saw that the Department
1724 of Justice could have said keep us posted on what is going
1725 on, as opposed to go slow.

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1726 . A They could have said that as well, but that is not
1727 an "instead of."
1728 . Q I realize they are not inconsistent, but I am
1729 suggesting that in your own mind you are sure that it was
1730 "go slow" and not as a substitute, "Keep us posted"?
1731 . A "Go slow" is a paraphrase, but something to that
1732 effect.
1733 . Q But it wasn't just to "Keep us posted"?
1734 . A No.
1735 . Q One other question. When you--what is the procedure
1736 in your office as far as checking in and checking out? Do
1737 you sign in in the morning, does someone sign you out at
1738 night?
1739 . A No.
1740 . Q Is there any control--do receptionists keep track of
1741 who is in or out?
1742 . A No.
1743 . Q Any log book or anything?
1744 . A Not in my division. I don't think in any division.
1745 . Q How about in the division that would have Mr.
1746 Feldman, Ms. Barnett, Mr. Gragorie, Mr. Sharif?
1747 . A Not as far as I know. I think Feldman was in Major
1748 Crimes then, and in fact I don't think in any division of
1749 the office do people sign in or sign out.
1750 . MR. McGOUGH: That is all I have.

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1751 MS. NAUGHTON: I have a couple more.

1752 FURTHER EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

1753 BY MS. NAUGHTON:

1754 Q Are you still in the appellate section?

1755 A Yes, I am.

1756 Q Do you still enjoy it?

1757 A Yes, very much.

1758 Q Do you have any plans to leave in the immediate

1759 future or near future?

1760 A No.

1761 Q So we can get ahold of you for post-questioning at

1762 the U.S. Attorney's Office?

1763 A Yes. I just bought a ticket to the NBA team that

1764 is coming in in October of '88, so I should be there at

1765 least until the end of the season.

1766 Q Okay.

1767 I have one more question regarding the civil suit

1768 that was referred to as the Honey civil suit, who was the

1769 plaintiff in the matter that Mr. Mattas spoke about. Have

1770 you read anything about that suit?

1771 A I think some people are suing a lot of folks in

1772 Miami like because they say that the CIA tried to blow up

1773 Edan ~~Pherson~~. But I don't really know much about it. I do

1774 know it just survived a motion for dismissal within the last

1775 month or two in Miami District Court.

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1776 . Q When were you first made aware of this suit?

1777 . A I think when I spoke to John Mattas about why my

1778 name--not my name, but why what I had said appeared in some

1779 article, and he--I am not sure whether these people were

1780 mentioned in the article or John said, well, you know, I had

1781 told someone who told them, or I told them and they had said

1782 they wouldn't tell anybody but they did.

1783 . Q Okay.

1784 . A I don't really know anything about the suit.

1785 . Q Have you ever met any of the plaintiffs?

1786 . A I don't know who--not to my knowledge, I don't know

1787 who the plaintiffs are.

1788 . Q Have you ever spoken to any reporters from Time

1789 magazine?

1790 . A Reporters from Time magazine?

1791 . Q Yes.

1792 . A No, I haven't.

1793 . Q Newsweek?

1794 . A No.

1795 . Q U.S. News & World Report?

1796 . A No.

1797 . Q And I gather you have never spoken to any reporters

1798 from the Washington Times?

1799 . A Never.

1800 . MS. NAUGHTON: That is all.

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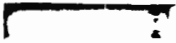
1801 . MR. McGOUGH: Thank you.
1802 . MS. NAUGHTON: That concludes the deposition.
1803 Thank you very much.
1804 . [Whereupon, at 3:55 p.m. the deposition was
1805 concluded.]

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(2)



Committee Hearings
 of the
U.S. HOUSE OF REPRESENTATIVES

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PAGE 1

1 RPTS BOYUM

2 DCM SPRADLING

3

4 DEPOSITION OF ROBERT H. LILAC

5

6 Tuesday, February 10, 1987

7

8 House of Representatives,

9 Select Committee to Investigate

10 Covert Arms Transactions with

11 Iran,

12 Washington, D.C.

13

14

15 The select committee met, pursuant to call, at 11:00 a.m.,

16 in Room B-336, Rayburn House Office Building, Charles

17 Tiefer, Special Deputy Chief Counsel to the Select

18 Committee, presiding.

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19 Whereupon, ROBERT H. LILAC, after having been first
20 duly sworn, was called as a witness and testified as
21 follows:

22 . EXAMINATION

23 . BY MR. TIEFER:

24 . Q My name is Charles Tiefer, I am Special Deputy
25 Chief Counsel to the House Select Committee to Investigate
26 Covert Arms Transactions with Iran.

27 . Mr. Lilac, you have been sworn. You understand the
28 significance of the oath you have taken?

29 . A I do.

30 . Q You understand that your testimony is under penalty
31 of perjury?

32 . A I do.

33 . Q Could you give a summary statement of your
34 background, where you went after you graduated and what you
35 did, the various jobs without bogging down early on here,
36 but to get up to your Air Force career and ultimately to the
37 MSC.

38 . A Okay.

39 . I graduated from a college and entered the Air
40 Force in October 1958 and went into pilot training shortly
41 after that. I was an Air Force pilot for 20-plus years in
42 the United States Air Force, test pilot, and did some--had
43 various assignments around the world, Vietnam, as well as

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44 England, and in 1975 in Saudi Arabia which are my overseas
45 assignments.

46 I came to the Pentagon in 1979 as the Chief of the
47 Saudi Management Division managing foreign military sales
48 programs of the U.S. Air Force with Saudi Arabia.

49 I stayed there until early 1982, and moved over to
50 the National Security Council working the area of foreign
51 assistance budget and security assistance programs.

52 I retired, my last day at the NSC was the last day
53 of 1983 and my retirement from the Air Force effective 1
54 January 1984. At that time I went in the private sector and
55 formed my consulting company, Lilac Associates, a business
56 with major U.S. aerospace companies doing business in the
57 Middle East and some other places around the world, as well
58 as doing consulting work in aviation and communications
59 matters for the Saudi Embassy.

60 Q You brought a number of documents here pursuant to
61 subpoena.

62 A I did.

63 MR. TIEFER: Let's have them marked as exhibits. I
64 will show them to you one by one and if you would identify
65 them briefly. I don't think we will dwell at any great
66 length on any of them in particular.

67 I show you a document that appears to be a Xerox of
68 a passport and I ask you if you can identify it.

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69 THE WITNESS: Yes, this is my passport requested in
70 accordance with the subpoena.

71 MR. TIEFER: If you would make this as Exhibit 1.

72 [The following document was marked as Exhibit RHL-
73 1 for identification:]

74

75 ***** INSERT 1-1 *****

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76 MR. TIEFER: Actually to make a useful record, if
77 Mr. Gale is agreeable, I would not want to take his copy of
78 the deposition subpoena away from you. I will later on
79 attach a copy of the subpoena at a certain point.

80 MR. GALE: No problem.

81 BY MR. TIEFER:

82 Q But can you identify this document which has the
83 word "Subpoena for Deposition" in the upper right corner?

84 A Yes, this is the subpoena that was given to me
85 requesting my appearance and bringing some documents here
86 today.

87 Q You have examined this subpoena.

88 A Yes, I have.

89 Q You have provided all the documents covered by it?

90 A Yes, sir, in consonance with counsel's discussion
91 with you.

92 MR. TIEFER: We will obtain a Xerox copy of that
93 subpoena and it will be marked as RNL-2.

94 [The following document was marked as Exhibit RNL-
95 2 for identification:]

96

97 ***** COMMITTEE INSERT *****

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98 BY MR. TIEFER:

99 Q I show you a letter dated February 6th, signed by
100 James Gale, and ask you if you can identify that.

101 A Yes, this is a letter signed by Mr. Gale to you,
102 identifying the documents provided in making a request on
103 confidentiality of records.

104 MR. TIEFER: We will attach this as RHL-3.

105 [The following document was marked as Exhibit RHL-
106 3 for identification:]

107

108 ***** INSERT 1-2 *****

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109 BY MR. TIEFER:

110 Q I show you six documents, each of which consists of
111 a large number of pages stapled together that appear to be
112 calendars and ask if you could briefly describe each one.

113 We will identify them all collectively as one
114 exhibit. From top to bottom.

115 A The first one is my appointment calendar for 1984.
116 The second one is my pocket appointment calendar for 1985.
117 The third is my pocket calendar for 1986. The next three
118 are 1984, 1985, and 1986, my desk calendars.

119 Q I see you have rearranged them somewhat but will it
120 be possible to identify from the years on the calendar what
121 years they are for?

122 A I think that they--they will, yes, if not I will be
123 glad to make an annotation on here. I have them in 1985,
124 1986, and this is--

125 Q Let's stop there. If you would write the year on
126 each one.

127 A Yes, let's clarify that. I had that I thought but
128 on this one it appears to be missing. This is 1985, 1986,
129 1984.

130 Q Rather than explain, I see the year is written in
131 each of the ones that you are putting aside.

132 A Now, yes, sir, they are identified in the proper
133 order with the years.

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134 MR. TIEFER: Let's mark them all as RHL-4.
135 [The following documents were marked as Exhibits
136 RHL-4 for identification:]
137
138 ***** INSERT 1-3 *****

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139 MR. TIEFER: Off the record for a second.

140 [Discussion off the record.]

141 MR. TIEFER: Let's go back on the record.

142 BY MR. TIEFER:

143 Q I show you a stack of short documents, each of
144 which consists of several pages stapled together. The top
145 one appears to be a Senate subpoena and I ask you if you can
146 identify this stack of documents.

147 A Yes, the top documents is the subpoena from the
148 Senate Intelligence Committee requesting documents. The
149 remaining pieces of paper, one a letter that we responded to
150 the Senate with, identifying the documents. The remainder
151 are the documents that we presented in response to the
152 Senate subpoena.

153 Q And if I can ask you about the bottom document in
154 the stack--in fact why don't we take the stack of all the
155 documents except for the bottom one and mark that as
156 exhibit, collectively as Exhibit 5.

157 [The following documents were marked as Exhibit
158 RHL-5 for identification:]

159

160 ***** INSERT 1-4 *****

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161 BY MR. TIEFER:

162 Q And I show you the document which was at the bottom
163 of the previous stack which was produced as you say pursuant
164 to the subpoena from the Senata which has the words
165 "Promissory Note" on it and ask you if you can identify
166 that document?

167 A Yes. The previous documents were all related to
168 purchase of a Maule aircraft. This document is in fact the
169 note that myself and thrae other individuals took out to pay
170 for the aircraft. This is a \$60,000 note that was paid off
171 in August of 1985. The remainder that was paid out.

172 MR. TIEFER: Let's mark this as Exhibit 6.

173 [The following document was marked as Exhibit EHL-
174 6 for identification:]

175

176 ***** INSERT 1-5 *****

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177 BY MR. TIEFER:

178 Q I show you another set of documents, each
179 consisting of several pages stapled together, the top one of
180 which is addressed to Mr. Robert Lilac, and it is on
181 stationary with the letters STGI at the top and ask you if
182 you can identify this stack of documents.

183 A Yes. These documents are as requested by the
184 subpoena, any association I had with Stanford Technology or
185 Richard Secord, and this is a letter contract, contract and
186 three invoices for trips that I made in relation to a
187 consulting contract I had with Stanford Technology Trading
188 Group International.

189 MR. TIEFER: Let's mark this as Exhibit 7.

190 [The following documents were marked as Exhibit
191 RNL-7 for identification:]

192

193 ***** INSERT 1-6 *****

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194 BY MR. TIEFER:

195 Q Is my understanding correct that if we take
196 Exhibits 1 through 7 and put aside the subpoena from the
197 House itself and the letter of your counsel, that all the
198 other documents, all the other exhibits that have been
199 identified consist of all the documents you are producing in
200 response to the subpoena?

201 A Yes, in response to the subpoena as clarified
202 between you and my counsel.

203 Q And the clarification you are referring to is the
204 letter from Mr. Gale?

205 A The letter as well as the fact that you just wanted
206 my telephone numbers and bank accounts.

207 Q Good point.

208 I show you a document that says at the top
209 "Subpoena Dated January 20, 1987-Attachment A" and ask if
210 you can identify that?

211 A Yes, this is in response to your paragraph 4 of
212 Attachment A to the subpoena in which it asks for my bank
213 accounts, and telephone numbers used by me and in
214 clarification, that was clarified both with myself and
215 personally and my company, Lilac Associates.

216 MR. TIEFER: Let's mark that as Exhibit 8.

217 [The following documents were marked as Exhibit
218 RHL-8 for identification:]

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219

220

***** INSERT 1-7 *****

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221 BY MR. TIEFER:

222 Q And to ask the question again that I asked before,
223 now that we take Exhibits 1 through 8 collectively leaving
224 aside the House subpoena itself and Mr. Gale's letter
225 itself, do they represent all the documents that you have
226 produced in response to the subpoena?

227 A Yes, as I stated, in clarification to the--basically
228 in response to the subpoena as clarified between my
229 discussions with yourself and you asked for copies of all
230 the documents we provided to the Senate Intelligence
231 Committee. Can we take a break?

232 MR. GALE: Can we go off the record a second?

233 MR. TIEFER: Off the record.

234 [Discussion off the record.]

235 BY MR. TIEFER:

236 Q I show you a document with the heading "Articles
237 of Incorporation" at the top and ask you if you can
238 identify it.

239 A Yes, this is a copy that I have of the Articles of
240 Incorporation of American Marketing and Consulting, which
241 was the company that the individuals and I had bought the
242 Maula aircraft from to put the airplane in.

243 MR. TIEFER: This will be marked as Exhibit 9.

244 [The following document was marked as Exhibit RHL-
245 9 for identification:]

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246

247

***** INSERT 1-8 *****

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248 BY MR. TIEFER:

249 Q Do Exhibits 1 through 9, putting aside the House

250 subpoena and Mr. Gale's letter, represent all the documents

251 you are producing in response to the subpoena?

252 A Yes.

253 Q And they satisfy everything in the subpoena with

254 the clarifications of Mr. Gale's letter, is that correct?

255 A Yes, as I understand it.

256 Mr. Gale and the--the only one that--yes, as

257 clarified about the bank accounts and telephone numbers that

258 you wanted my personal and business, yes. It does.

259 Q I show you a letter, I show you a document the top

260 page of which appears to be a letter of January 29, 1987 to

261 Robert H. Lilac and ask if you can identify this document,

262 the second page appears to be a subpoena addressed to Robert

263 H. Lilac.

264 A Yes, this is a letter to me from the Office of

265 Independent Counsel, Judge Walsh, signed by Randy Bellows,

266 that is in fact a subpoena for documents in relation to the

267 matter we are talking about.

268 MR. TIEFER: Let's mark this as Exhibit 10.

269 [The following document was marked as Exhibit RML-

270 10 for identification:]

271

272 ***** INSERT 1-9 *****

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273 . BY MR. TIEFER:
274 . Q And I show you a similar letter and the second page
275 of which also appears to be a subpoena, except it seems to
276 be a subpoena addressed to Robert H. Lilac on behalf of
277 American Marketing and Consulting Company and Lilac
278 Associates, and ask you if you can identify that?
279 . A Yes, this is again a letter from the independent
280 counsel, Judge Walsh, signed by Randy Ballows asking for the
281 same materials but in relation to American Marketing
282 Consulting, the company that he formed that bought that
283 Maule aircraft that we talked about previously and Lilac
284 Associates, just my own company, consulting company.
285 . MR. TIEFER: Let's mark that as Exhibit 11.
286 . [The following document was marked as Exhibit RML-
287 11 for identification:]
288
289 . ***** INSERT 1-10 *****

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290 BY MR. TIEFER:

291 Q Mr. Lilac, you have stated that at a certain point
292 you worked for the NSC. Did you know Oliver North before
293 you worked for the NSC?

294 A Yes, I did. I met him in 1981. I am not sure of
295 the exact date, when Oliver North was at the NSC and in
296 relation to the briefings that we were providing associated
297 with the sale of the AWACs to Saudi Arabia. Oliver North
298 was an NSC staffer who had responsibilities for scheduling
299 our briefings. That was my knowledge with him at that time.

300 Q Before you went on to the NSC, did you know Oliver
301 North in any context other than in connection with the AWACs
302 sale?

303 A No. I did not.

304 Q Once you went to the NSC did you know Oliver North
305 there?

306 A Yes, I did.

307 Q And in what context?

308 A We were colleagues, we were staff members of the
309 NSC staff at the same time. Initially we didn't work in the
310 same organization, but in a subsequent reorganization we
311 worked in the same division, the political-military division
312 of the NSC.

313 Q And what were the projects that you might have
314 worked together on in one way or another?

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315 | . . . A We really didn't have any projects per se that we
316 | worked on. I had responsibilities for the foreign aid
317 | budget, so as I was coordinating MSC staff members' inputs
318 | associated with pieces of the budget as it applied to
319 | regions around the world, associated with Central America, I
320 | particularly recall on El Salvador, foreign aid for El
321 | Salvador interface with Oliver North on that. Really no
322 | other interface with him that I recall.

323 | . THE WITNESS: With the staff I had since I was a
324 | senior ranking military officer to Oliver North, my boss
325 | sometimes had me responsible for administrative management
326 | of the MSC.

327 | . MR. TIEFER: Let's go off the record.

328 | . [Discussion off the record.]

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329 DCMN SPRADLING

330 . MR. TIEFER: Back on the record.

331 . BY MR. TIEFER:

332 . Q I will note for the record that because of the
333 ringing of the telephone we occasionally go on and off the
334 record here.

335 . Go ahead.

336 . A For administrative matters such as personnel
337 administration, secretarial, overtime and office equipment,
338 things like that, the administrative things I had interface
339 with Ollie in that regard, and we were colleagues on a day-
340 to-day basis, we were there in the offices, my office wasn't
341 in the same physical location as his but I saw him not quite
342 daily but I saw him quite often.

343 . Q And without getting into a lot of details about who
344 did what, did you know what secretaries or other clerical
345 people assisted Oliver North?

346 . A Yes. The primary secretary working with Oliver
347 North was Fawn Hall. When Fawn wasn't available there were
348 three secretaries located in the same physical office and
349 handled phones and sometimes some paperwork.

350 . Q Who were the others?

351 . A I don't recall those names.

352 . Q And do you know professional people who worked, non-
353 clerical people who worked with Oliver North?

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354 A Yes, there were several people who worked with
355 Oliver North and other parts of the MSC staff.

356 Q Can you name some of them?

357 A The only ones that I recall were Roger Fountain,
358 who was at the MSC at that time; and then at a later time
359 Constantine ^{Manges} ~~Minkus~~. Those are the only two that I recall.
360 There were approximately, roughly 40 people on the MSC,
361 professional members on the MSC at that time and I don't
362 recall all those names.

363 There is one additional name, of course, and that
364 was Oliver North's direct supervisor, Don ^F ~~F~~ertier.

365 Q As I have informed you we may come back at a later
366 point and ask you further questions about the MSC period.

367 After you left the MSC you formed Lilac Associates?

368 A That is correct.

369 Q And what was the purpose of Lilac Associates?

370 A After I retired I wanted to form--wanted to go into
371 the consulting business and formed Lilac Associates as a
372 management consulting firm, and doing consulting work with
373 firms primarily doing business in the Middle East because
374 my experience was primarily in Saudi Arabia and the Middle
375 East in security assistance.

376 Q Do you still do consulting work through Lilac
377 Associates?

378 A Yes, I do. It is my only company.

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379 | . . . Q Did you know Richard Secord when you were in the
380 | Air Force?

381 | . . . A Yes, I first met Richard Secord in 1979 when I came
382 | to the Pentagon and he was my direct supervisor. He managed
383 | Air Force International programs.

384 | . . . Q Let me verify that, you did not know him in
385 | Southeast Asia?

386 | . . . A I did not know him any time previous to that.

387 | . . . Q Please go ahead.

388 | . . . A I first met him in 1979 and came to work for him
389 | managing Saudi programs with the United States Air Force and
390 | I have known him since 1979.

391 | . . . Q If we could go through the various steps of Richard
392 | Secord's career from 1979 on, and how at each point you
393 | either knew him and worked with him or didn't know him and
394 | didn't work with him starting in 1979, I gather that you
395 | started knowing him after he left Iran? Had you known he
396 | had been in Iran prior to your knowing^{him}?

397 | . . . A Prior to knowing him, no, I didn't. After I went
398 | to work for him in 1979 I knew that a previous assignment he
399 | had was in Iran.

400 | . . . Q Okay, but you had not known him while he was in
401 | Iran.

402 | . . . A No, sir, I did not.

403 | . . . Q The work he was doing when you first knew him was,

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404 if you could recall.

405 . A He was Director of Air Force International

406 programs, which meant primarily responsibility for foreign

407 military sales programs around the world for the United

408 States Air Force.

409 . Q And your relation to him while he was doing that

410 was what?

411 . A I was a division chief underneath him. He was my

412 direct boss and I managed foreign military sales programs to

413 Saudi Arabia.

414 . Q Do you know what he did after he left that post?

415 . A Yes, while I still was in that job in the, not

416 exactly sure when he moved but either the end of 1980 or

417 beginning of 1981 he moved into the office of Secretary of

418 Defense, International Security Affairs, to be Deputy

419 Assistant Secretary for Near East and South Asia.

420 . Q Did you deal with him while he was in that post?

421 . A Yes, I did. During 1981 I had a lot of interface

422 with him in relation to the sale of the AWACs to Saudi

423 Arabia.

424 . Q And where did he go ^{after} ~~off~~ the Office of the Secretary

425 of Defense?

426 . A I am not sure when he retired but I believe that he

427 retired in 1983 from that job.

428 . Q After the sale of the AWACs, and you had moved into

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429 the MSC so that there was a period of time when you were at
430 the MSC and he continued to be in the Office of the
431 Secretary of Defense, did you have any interaction with him
432 while you were in that post and he was in that post?

433 A While he was in that post we had some interface
434 associated with the foreign military sales cases that were
435 discussed in the interagency arena associated with the part
436 of the world that he was responsible for.

437 We also had some interface with he and his staff in
438 relation to the buildup of the foreign aid budget that the
439 President submitted to the Congress each year.

440 Q And what were the parts of the world that you had
441 as you put it interface on in connection with foreign
442 military sales, arms sales?

443 A I was the integration point at the MSC. When there
444 were foreign military sales that were going to be notified
445 to the Congress in accordance with the Arms Export Control
446 Act, in most cases those notifications came to me and just
447 as a coordinator of the interagency process and I would take
448 them to the regional people on the MSC staff and coordinate
449 with them associated with the papers that were submitted in
450 accordance with the pending notification to Congress.

451 But these were arms export control notifications,
452 things like 36Bs and 36Cs, under the Export Control Act.

453 Q Which of them did you deal with Richard Secord on?

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454 A It is hard to recall the specifics. I do recall
455 one was F-16 sale to Israel and there were two or three
456 notifications associated with Saudi Arabia and Egypt, but I
457 cannot recall anything more specific than that.

458 Q Now, who left--do you know who left the government
459 first, you or Secord?

460 A General Secord retired in 1983 in the middle
461 sometime. I left at the end of 1983.

462 Q During the period while you were still in the MSC
463 and Secord had left the government, did you have any
464 interaction with him?

465 A No. I may have seen him once or twice socially but
466 I had no substantive interaction with him.

467 Q When you would see him socially, either at that
468 point or at a later point, was it among a circle of friends
469 or just you and him alone?

470 A No, in most cases it was with a circle of friends.
471 He came to my house one time for a party that I had.

472 Q Can you name any of the people involved who would
473 have been friends of his--I am not interested in the people
474 who were friends of yours who I have no reason to believe
475 knew him.

476 A Well, there are several friends of his that are
477 mutual friends of ours. Would you be interested in those?

478 Q Yes.

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479 . A Jim Aumin, retired Air Force General now works for
480 Northrop Corporation. He is the only one that pops into my
481 mind immediately.

482 . Q That is your only mutual friend.

483 . A Well, I think that we have several other mutual
484 friends. I am trying to think if we ever got together
485 socially with other mutual friends.

486 . Q Apart from those you would have gotten together
487 with, you cannot remember the names of any of your other
488 mutual friends.

489 . A You mean that we got together.

490 . Q Yes.

491 . A Mutual friends that we have, yes, Howard Fish, Dave
492 Burney, Keith Phillips, that is basically it. I could
493 probably--taking more time I could probably think of more
494 mutual friends that we have but those are the only ones that
495 pop into my mind right now.

496 . Q Can you name any people who you know of who would
497 be friends of Richard Secord's but might not be friends of
498 yours?

499 . A I don't know. It is hard to speculate. There are
500 some people that over the years he has probably known in the
501 Air Force that I know that I would guess would be friends of
502 his like a couple of his former bosses at the NSC, not the
503 NSC, OSD, like Richard Armitage, now Assistant Secretary, of

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504 course. Moel ^{Koch} ~~Moel~~. It is just difficult to--

505 . Q Any others?

506 . A Not that I can recall right now. It is hard to

507 pull names out of the memory bank.

508 . Q To go back, you mentioned a Mr. ^{um in} ~~Amman~~ at Northrop,

509 what is his first name?

510 . A Jim.

511 . Q Do you know geographically what city he is in?

512 . A Yes, he lives in McLean. He is here in Washington.

513 . Q Do you know what city Howard Fish is in?

514 . A No, he is in the Washington area but I don't know

515 what city he is in.

516 . Q And what company does he work for?

517 . A Fish works for LTV.

518 . Q Do you know what city Dave Burney is in?

519 . A Dave lives in Virginia, in Fairfax.

520 . Q And what company he works for?

521 . A He has his own consulting company.

522 . Q What is the name of that?

523 . A I am not sure. I think it is Burney Associates.

524 Dave is one of the gentlemen who bought the airplane with

525 us.

526 . Q What city is Keith Phillips in currently?

527 . A Keith lives in Saudi Arabia.

528 . Q He is an American?

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529 . A American, yes.

530 . Q Does he have an American residence that you know

531 of?

532 . A No, I cannot remember whether his residence is in

533 Florida or in Virginia?

534 . Q If you were going to try to reach him in this

535 country, is there a way you would do it or would you get in

536 touch with him in Saudi Arabia?

537 . A No, I would get in touch with him in Saudi Arabia.

538 . Q Can you say how? Perhaps you have an address book

539 with you or do you remember off the top of your head how you

540 would get in touch with him?

541 . A I have a phone number, I have his phone number in

542 Riad just like there are hundreds of U.S. businessmen in

543 Saudi Arabia and Keith is one of them.

544 . Q You don't have his phone number in Riad with you?

545 . A Yes, I do. Would you like the phone number.

546 . Q If you would.

547 . A In Riad it is [REDACTED]

548 . Q And what city is Noel ^{Ken} ~~Ken~~ in?

549 . A I don't know. He used to work at OSD so I assume

550 he is in the Washington area.

551 . Q Do you know whether he still works for the

552 government?

553 . A No, I don't think he does. I think that he--I read

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554 somewhere in the paper that he left the government within
555 the last few months. I don't know exactly when. He was the
556 Deputy Assistant Secretary under Armitage.

557 Q Picking up your recounting of Richard Secord, after
558 he had left the government in 1983 and after you had left
559 the government in 1983, did you have any inter^{action}~~agency~~ with
560 him?

561 A Yes, I retired January 1, 1984 and after I retired
562 General Secord approached me and asked me to, if I would
563 consider doing some consulting work with his company,
564 Stanford Technology Trading Group, Inc., or International,
565 and associated with a shelter project and building shelter
566 doors for hardened aircraft shelters. He was pursuing with
567 a company called Marwaiss Steel. He was pursuing, trying to
568 bid on a contract in Abu Dhabi and also a project in Saudi
569 Arabia. He asked me to assist him.

570 In mid-1984 I signed a consulting contract with Secord and
571 I made one trip to Abu Dhabi and several trips to Saudi
572 Arabia associated with that. It was in conjunction with
573 other trips that I made for other clients, but while there I
574 attended briefings and assisted him in giving briefings to
575 people in Saudi Arabia. We were going to do the same thing
576 in Abu Dhabi, we went to Abu Dhabi and the briefing was
577 cancelled. So that was my business relationship with
578 General Secord in 1984.

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579 The contract ended at the end of 1984. General Secord
580 asked me if I could continue to perhaps while I made trips
581 to Saudi Arabia on other business, continue to assist him
582 and if we were able to achieve a contract as far as the
583 company he was working with, Marwaiss, I would receive a
584 success fee for assisting him in that project as a
585 consultant.

586 . Q And you agreed.

587 . A I agreed, yes. And that--he gave me a letter
588 stating that in 1985 and that expired, didn't do any work on
589 it in 1986 at all but the letter itself just expired. It
590 was from May of 1985 to May of 1986.

591 . Q While you were working with Richard Secord on this,
592 did he have any partner in the matter?

593 . A Yes, he did. Albert Hakim. I met Albert Hakim
594 with General Secord and I met him on two or three instances.
595 Met him once when we were on our trip to Abu Dhabi when we
596 were preparing to give a briefing about the shelter
597 capability that the company he was working with offered. I
598 probably saw Albert, as I said, two or three times
599 associated with that. I don't think I have seen Albert in
600 the last year.

601 . Q Where were the two or three times that you met
602 Albert Hakim in association with the project you just
603 described?

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604 . . A Once in 1984 in Albert's offices in California,
605 Stanford Technology; once in Abu Dhabi associated with the
606 briefings we were going to give the shelter project, and
607 then on one occasion, perhaps two, I am not sure, in General
608 Secord's offices here in Virginia.

609 . . Q When you met with Hakim in California, was it in
610 San Francisco or San Jose?

611 . . A I believe it was San Jose. I don't recall the
612 address. San Jose or San Mateo, I am not exactly sure of
613 the address. But it was at his offices in that part--it was
614 not in San Francisco.

615 . . Q Did you understand the relationship between
616 Stanford Technology Corporation and Stanford Technology
617 Trading Group International?

618 . . A No, I don't. I mean I don't understand the basics.
619 When General Secord asked me to do some work with STTGI, he
620 sort of described it that Stanford Technology was a basic
621 systems house and STTGI was a subset of that, of which he
622 was the President, that he formed with Hakim in order to
623 explore other opportunities such as the hardened shelter
624 project that I worked with him on.

625 . . Q Did you know any other companies related to
626 Stanford Technology Corporation or STTGI?

627 . . A No, I do not.

628 . . Q Did you know anyone working with or for Secord on

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629 Stanford Technology-related matters other than Hakim?
 630 . A Other than two secretaries, I only recall the first
 631 name on one, Shirley, the other one I don't remember. And
 632 that was it.

633 . One time I was asked recently, as a matter of fact
 634 by the Senate Intelligence Committee if I knew Robert
 635 Dutton, and I don't know--I met Robert Dutton when he was a
 636 Colonel in the Air Force and one time when I called General
 637 Secord's office sometime within the last year, last fall
 638 sometime, Robert Dutton answered the phone and I didn't know
 639 that he was working with him but after the fact his name has
 640 been in the newspapers and stuff, and he answered the phone
 641 as General Secord's office.

642 . I have never seen him since that time--^{have} I never seen
 643 him since I saw him one time in the United States Air Force
 644 several years ago.

645 . Q What was the context in the Air Force in which you
 646 saw Robert Dutton?

647 . A I met him in General Secord's office one time when
 648 I was running Saudi Division, General Secord had Air Force
 649 International Programs. He was just visiting General
 650 Secord's office. As I recall, ~~since~~ since someone else
 651 asked me the question, at that time I believe he was
 652 assigned to Military Airlift Command in Illinois, Scott Air
 653 Force Base.

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654 . You mentioned Dutton.

655 . MR. TIEFER: Let's go off the record.

656 . [Discussion off the record.]

657 . MR. TIEFER: Back on the record.

658 . BY MR. TIEFER:

659 . Q In what Air Force context did you know Robert

660 Dutton?

661 . A I met Robert Dutton one time in General Secord's

662 office when he was visiting the Pentagon. At that time I

663 believe he was assigned to Military Airlift Command at Scott

664 Air Force Base.

665 . Q What was his relation to Secord?

666 . A He was just a friend of his. I don't know whether

667 he had ever worked for him before or not. But he just

668 introduced him, here's Robert Dutton, an old friend of mine.

669 That is all.

670 . Q Do you know of military air contracts called Log

671 Trans and Quick Trans? Do those names mean anything to you?

672 . A No.

673 . Q Do you know anything about Southern Air Transport

674 other than what you read in the press?

675 . A No.

676 . Q As you understood Richard Secord's

677 responsibilities, did they have anything to do with the

678 Military Air Command, MAC, the office that you said Robert

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679 Dutton was working with?

680 . A The only interface with Military Airlift Command

681 might have been as an ancillary thing. The Military Airlift

682 Command sometimes was used to effect deliveries of the

683 foreign military sales products, but General Secord would

684 not have had direct responsibilities for that. That would

685 have been through the Air Force Logistics Command or Air

686 Force Systems Command, the procuring agencies.

687 . Mo, General Secord just introduced Dutton to me as

688 a friend and I believe that he had known him prior to that

689 time. I don't think he was there in an official capacity.

690 . Q You mentioned in addition that there were two

691 secretaries that might have worked for Secord that you knew?

692 . A I knew them only because they answered the phone

693 and I saw them when I walked in.

694 . Q And you recall the names of either?

695 . A I just recall the first name of one of them.

696 Shirley. The other one, I don't recall.

697 . Q If I told you that there is a person in the world

698 named Shirley Maylar, M-a-y-l-a-r, does that refresh your

699 recollection in any way?

700 . A No. I don't recognize the last name.

701 . Q Did you have any sense as to what the two

702 secretaries did in Secord's office other than answer the

703 phone?

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704 | . A Other than answer the phone and probably pay the
705 | invoices that I sent to them for the trips that I made,
706 | three trips I made, I think there were four, three invoices
707 | though, but no, I would have no knowledge of what they did.
708 | . Q And apart from those two secretaries, the mention
709 | you have made of Robert Dutton and Albert Makim, you know no
710 | one else who worked for or with Richard Secord?
711 | . A There was one other gentleman that was in his
712 | office when I went there on a couple of occasions, but he--I
713 | don't recall his name and he wasn't--I don't think he worked
714 | for Stanford Technology. Seems like he had some other
715 | association with the waste-steel company they were working
716 | with on the shelter project. But I don't recall his name.
717 | . Q Is that an American company?
718 | . A Marwais, yes, Marwais Steel is an American company
719 | and I don't have any--they are in the San Francisco area and
720 | they have a factory in Luxemburg for building steel
721 | specifically for shelters.
722 | . Q Do you know anyone in that particular company who
723 | was the contact with Richard Secord?
724 | . A Yes, Marshall Wais Jr. because I met him in
725 | association with the shelter projects on two occasions.
726 | . Q Do you know which city Marshall Wais is in?
727 | . A I met him in Paris. He had an apartment in Paris.
728 | . Q Is he an American?

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729 . A Yes, as I recall he is an American.

730 . Q Do you have any idea where in the United States he

731 could be found?

732 . A Probably through Marwais Company in the San

733 Francisco area.

734 . Q You don't have a phone number or address for him?

735 . A No, I don't think I do.

736 . No, I don't. Sorry. Wait a minute. Yes, I show a

737 phone number listed here for Wais but I don't know where it

738 is at, I don't know whether it is in Paris or San Francisco.

739 . Q What is the phone number?

740 . A Office phone number is 723-5533.

741 . Q You described briefly the people, some of the

742 people you knew at the MSC staff. While you were working

743 for the MSC staff, did you know any people on the Vice

744 President's National Security staff?

745 . A While I was on the MSC staff, I knew Don Gregg was

746 a--a colleague, a fellow staff member, and while I was there

747 at the MSC staff, Don moved over to the Vice President's

748 staff. While I later worked at the MSC, we have very little

749 interface with the Vice President's staff. On probably one

750 or two occasions a gentleman by the name of Hugh⁶, I think

751 it was Philip⁶ would have attended one of the foreign

752 aid budget meetings that we had or we may have had a meeting

753 and talked to him about the foreign aid budget we were

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754 submitting. That is the only other one that I recall while
755 I was on the NSC staff.

756 Q And have you ever met a Douglas Menarchuk?
757 A Menarchuk, yes, I met him at a social occasion I
758 went to, a movie that the Vice President invited several
759 people to, 40-45 people, and Menarchuk was there. I think I
760 had previously met him but I don't recall where. It would
761 have still been associated with the Vice President's staff.

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891 . Q Now, rather than my asking some very narrow
892 questions, can you describe your knowledge on the subject of
893 [REDACTED] making, giving assistance to the contras
894 or being asked to give assistance to the contras?

895 . A Sure. I have no knowledge at all of [REDACTED]

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896 giving any assistance to the contras. Being asked to give
897 assistance to the contras, I have no knowledge of [REDACTED]
898 being asked to give assistance.

899 One time in 1985, I think it was, General Secord
900 said to me that he would like to talk to [REDACTED] to
901 see if [REDACTED] might recognize the plight of the contras
902 and provide them some assistance and I at that time said,
903 well, gees, you know, I don't see where that is in [REDACTED]
904 [REDACTED] interests at all.

905 But he said, well, I just need to talk [REDACTED]
906 So some time later on after time passed, I told [REDACTED]
907 [REDACTED] that General Secord wanted to talk to him.

908 What about?

909 [REDACTED] told me in no uncertain terms
910 that that was ridiculous.

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And to my knowledge, I did not see General Secord.

923

Q I thank you.

924

Do you know anything else about Richard Secord

925

seeking assistance for the contras other than that

926

particular episode?

927

A No, I don't.

928

Q By the way, when did you first know that there had

929

been American dealings with Iran concerning arms? Did you

930

first learn about it from the press or had you known about

931

it in any context previously?

932

A I had not known about it in any context. I learned

933

about it when it was announced and I don't recall exactly

934

the press sequence of things, but I never knew about it

935

before then.

936

Q And what you are saying is when it came out in the

937

press, it came as a complete surprise to you?

938

A It came as a complete surprise to me, and I was

939

personally shocked.

940

Q And you had had no idea that Richard Secord might

941

be involved in any American arms dealings with Iran?

942

A Not at all.

943

MR. TIEFER: Let's go off the record here.

944

[Discussion off the record.]

945

MR. TIEFER: Back on the record.

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BY MR. TIEFER:

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Q Have you talked to [REDACTED] about

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A Only the kind of things that pop up in the press and stuff. He is informally in a social session. He has seen my name in the paper a couple times and we have chatted about that. We chatted about that situation. In those

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971 chats he appears to be of the same opinion that I am that
972 there is no [REDACTED] involvement, certainly no [REDACTED]
973 involvement in the Iran thing and no [REDACTED] involvement he
974 knew of, at least he expressed this to me, in the contra
975 situation.

976 . 2 That is a useful way for me to ask. What is your
977 opinion of the [REDACTED] involvement or lack of involvement in
978 the Iranian arms dealings with his country?

979 . A This is now my personal opinion and I will give you
980 my personal expression of shock.



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Q Have you ever met Adnan Khashoggi?

A No, I have not.

Q And do you have any knowledge concerning his possible involvement in the Iran arms sales?

A Only what has been in the press and interviews that he has had on T.V. with Barbara Walters. That is the only time I have seen him.

Q Other than what you have found out from the press or television, you have no knowledge of Adnan Khashoggi's possible involvement in the Iran arms sale?

A That is correct. I have no knowledge.

Q Do you know what Khashoggi's relation is to King Fahd?

A No, I do not.

Q If I could run quickly through a list of names that you have previously seen because they were on the attachment to the subpoena to you, and ask you whether apart from what

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1021 you have read in the press or otherwise heard ~~from~~ the
1022 media, whether you know these people.

1023 I am not going to go into a lot of depth. Some of
1024 them you quite obviously will have known because of where
1025 you worked; some of them you may never have heard of,
1026 however.

1027 A Sure.

1028 Q Do you know of Robert McFarlane?

1029 A Yes, Bud was the Deputy and then the National
1030 Security Advisor. So while I was at NSC, yes, I do.

1031 Q You worked with him.

1032 A Yes.

1033 Q Since you have left the NSC, have you dealt with
1034 him?

1035 A I have not had any dealings with him. I have seen
1036 him probably on two occasions socially. That is all.

1037 Q John Poindexter.

1038 A Yes. Again, the same. Admiral Poindexter was
1039 Bud's Deputy. Then he moved up to the Deputy and then he
1040 was Deputy when I left.

1041 Q And since you have left, have you had any dealings
1042 with him?

1043 A No. I have seen him twice at--again, the same kind
1044 of going away parties for staff members. That is the only
1045 time I have seen John.

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1046 . Q Oliver North?
1047 . A Yes.
1048 . Q Okay.
1049 . A Same situation. I have worked--we talked about my
1050 work with Oliver North before, and I have seen him only on a
1051 couple social occasions. I have not seen him probably in 18
1052 months or so.
1053 . Q Do you know of any mutual friends you have with
1054 yourself and Oliver North?
1055 . A Mutual friends?
1056 . Other than fellow NSC colleagues and staff members,
1057 that would be about it. Oliver North knew General Secord,
1058 as I said, so General Secord would be one. Other than that,
1059 none.
1060 . Q No one other than NSC people?
1061 . A No one other than NSC people, Secord, no, no one
1062 outside. I never--I didn't have a circle of friends that
1063 included Oliver North so I wasn't in his circle of friends.
1064 . Q Charles Tyson?
1065 . A Tyson was on the NSC staff when I was there and I
1066 have not seen Tyson since he left the NSC staff. He called
1067 me up one time at ^{the} Paris air show. We were going to get
1068 together, but we never did.
1069 . Q Do you have any knowledge of his relationship with
1070 Saudis?

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1071 . A Only that when he called me up he said he went to
1072 work for Adnan Khashoggi's staff in Madrid and that was it.
1073 No other knowledge of it. I don't know what he did. I
1074 haven't even talked to him since then.
1075 . Q Do you know anyone else who works with or for
1076 Khashoggi?
1077 . A No, I do not.
1078 . Q Adnan Khashoggi, you have said, you don't know?
1079 . A That is correct.
1080 . Q Donald Fraser?
1081 . A No.
1082 . Q Ernest Miller?
1083 . A No.
1084 . Q Vertex Finance?
1085 . A No.
1086 . Q Eurocommercial Finances?
1087 . A No.
1088 . Q Manucher Ghorbanifar?
1089 . A No.
1090 . Q Yaakov Nimrodi?
1091 . A No.
1092 . Q Al Schwimmer?
1093 . A No.
1094 . Q Amiram Mir?
1095 . A No.

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1096 . Q David Kimche?

1097 . A No.

1098 . Q Mike--

1099 . A Stop on David Kimche. I met David Kimche when I

1100 made a trip to Israel as part of Secretary Haig's first

1101 swing through the Middle East in April of 1981. Kimche was

1102 there along with Shamir and Began, the whole hierarchy in

1103 Israel. We briefed about the sale, the pending sale,

1104 possible sale of the AWACs to Saudi Arabia.

1105 . But I just met him in that group and never saw him

1106 since.

1107 . Q Have you had any contacts with the people you

1108 referred to as the hierarchy in Israel since that trip?

1109 . A No, not with the hierarchy at all. The only other

1110 person that I really knew were Israeli embassy staff who had

1111 interface with us when we were on the NSC staff that made a

1112 call on us once or twice.

1113 . Denny Halperin is one guy's name that I remember.

1114 The other couple guys, I don't know, I don't remember.

1115 . Q Did you become familiar with others on Secretary

1116 Haig's staff at that time.

1117 . A I made the trip with him so I met people that were

1118 on that trip, Ambassador Walters, Bud McFarlane, Rick Bert.

1119 Those people on that trip.

1120 . That is where I met most of those folks.

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1121 . Q Have you continued since you have left the
1122 government to have contacts with any of those people?
1123 . A No. No, I have not.
1124 . Q Do you know a Robert Owen?
1125 . A No.
1126 . Q Michael Ledeon?
1127 . A No.
1128 . Q Do you know Ledeon was a consultant to the White
1129 House?
1130 . A No, I didn't. I remember his name, I think
1131 associated with CSIS, but I never met the guy to my
1132 recollection and have never, you know, the only reason I
1133 know he was MSC or White House consultant was because it has
1134 been in the papers recently.
1135 . Q By CSIS, you mean Georgetown Center?
1136 . A Yes. I think that is where he was. I may be
1137 recalling that wrong.
1138 . Q Cyrus Hashemi?
1139 . A No.
1140 . Q Willard Zucker?
1141 . A No.
1142 . Q Compagnie de Services Fiduciaries?
1143 . A No.
1144 . Q John Singlaub?
1145 . A No.

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1146 . Q ^{Mossaz} Jack Mossaz?

1147 . A No.

1148 . Q Thomas Clines?

1149 . A No.

1150 . Q Raphael Quintaro?

1151 . A No.

1152 . Q Ramon Medi^Nya?

1153 . A No.

1154 . Q Correlas? ^{POSADA} ^{CANULLES?}

1155 . A No.

1156 . Q Max Gomez?

1157 . A No.

1158 . Q Felix Rodriguez?

1159 . A No.

1160 . Q DeGaray?

1161 . A No.

1162 . Q Lake Resources?

1163 . A No.

1164 . Q Airmach?

1165 . A No.

1166 . Q Southern Air Transport, Inc.?

1167 . A No.

1168 . Q William Langton?

1169 . A No.

1170 . Q Richard Gadd?

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1171 . A No.

1172 . Q Now, to briefly review two of the exhibits. Do you
1173 know of a company called American Marketing and Consulting?

1174 . A Yes.

1175 . Q Can you describe your relationship with that
1176 company, what it was, how you related to it and how Secord
1177 was related to it?1178 . A In 1984 when we, when Secord, General Secord and
1179 three others and I decided that we were going to buy an
1180 aircraft and we settled on buying a Maule aircraft, we
1181 decided to form a corporation to put the aircraft in for
1182 limited liability and we formed a company called American
1183 Marketing and Consulting.1184 . Q At the time that the company was formed, had you
1185 any idea that it might be used in any way to help or provide
1186 anything to the contras?

1187 . A No.

1188 . Q Did you ever have any knowledge that the aircraft
1189 you have described went to the contras?1190 . A Only since in my discussion with the Senate
1191 Intelligence Committee, they showed me a bill of sale that
1192 said that it was sold to a company called MRA or something
1193 like that, that was registered in Panama and supposedly
1194 wound up in Honduras.

1195 . Q Apart from being shown that bill of sale by the

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1196 Senate Intelligence staff, you have no knowledge of the sale
1197 of that plane to the contras?

1198 . A No, no knowledge of the sale of the plane to the
1199 contras, no, sir.

1200 . Q Do you have any knowledge of how that sale was
1201 financed even if you don't know who it was sold to?

1202 . A No, I don't. When he bought the airplane, four of
1203 us took out a note and we paid down some on the note and at
1204 the time the airplane was sold there was \$48,000 left on the
1205 airplane and General Secord says, said to me, and I believe
1206 he talked to the rest of the folks as well, saying we are
1207 going to sell the airplane, we can get the note paid off.
1208 That was basically it. \$48,000.

1209 . Q I show you--

1210 . A But I don't know where it came from.

1211 . Q I understand. I show you the document we have
1212 marked Exhibit 6, which is the promissory note. It has
1213 "promissory note" on it. I ask if you can explain the
1214 relationship of this document to what you were just
1215 recounting.

1216 . A Yes. This promissory note in my name, David
1217 Bernie's, Richard Secord and Carl Kaufman was the note that
1218 I said that we took out to pay for the airplane which was
1219 \$60,000.

1220 . This document, a copy of it was sent to me by the

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1221 | bank because I asked them for a copy of the paid off note,
1222 | and it was a paid stamp on it, paid 8-30-85. That was sent
1223 | to me by the National Bank of Washington.
1224 | Q Who is Carl Kaufman?
1225 | A Carl Kaufman is a car dealer in the Washington area
1226 | and he is just another individual who was interested in
1227 | owning an airplane that we flew around. We flew this
1228 | airplane around for about 200 hours of flying time on it,
1229 | six months or something like that.
1230 | Q Is he a friend of Richard Secord's?
1231 | A He met Richard Secord, but I think he met him
1232 | through me. I don't think he is a friend of his. Carl
1233 | Kaufman I met through Keith Phillips. The reason Keith
1234 | Phillips' name is not on here is Keith came back to the
1235 | country, he came and flew the airplane, but he was not on
1236 | the note because he wasn't a local guy.
1237 | He wasn't here. So the four of us took the note
1238 | out. I think that Keith may have introduced me to Carl. I
1239 | am not sure. I don't recall exactly.
1240 | But I don't think that Carl knew Secord before
1241 | then. I think either Keith or I introduced him to Secord.
1242 | Q Why was this note taken out from the National Bank
1243 | of Washington? Do you have any idea?
1244 | A Yes, because that was the bank where I had my
1245 | business and that is where Dave Bernie had his business, so

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1246 we took it out in the National Bank of Washington.
1247 . Q And has, to your knowledge, there been any other
1248 activity by the American Marketing and Consulting?
1249 . A No.
1250 . Q Other than the plane that you described?
1251 . A That is correct. No other activity and to the best
1252 of my knowledge, other than those incorporation papers that
1253 we--that I provided to you, on the company, the company
1254 hasn't done anything else. It had a bank account at MBW.
1255 General Secord handled that. He made the payments. We paid
1256 him our--well, it was \$60,000. It went down to 48, so there
1257 was \$12,000 that was paid against the note.
1258 General Secord made those deposits to the bank account.
1259 . Q Do you know anyone who even provided clerical
1260 assistance in connection with the American Marketing and
1261 Consulting activity?
1262 . A Well, Carl Kaufman filed the incorporation papers.
1263 At least that is what the document indicates.
1264 . It was basically a non-operative company. We
1265 formed it to have the airplane. It never really did
1266 anything.
1267 . To my knowledge, the company never did anything
1268 other than buy that airplane. And it hasn't done anything
1269 since and I think the company goes away if it hasn't had any
1270 activity in it.

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1271 . Q You know of no person who typed or did any other
 1272 clerical work in connection with American Marketing and
 1273 Consulting?

1274 . A No. My wife, who is in Lilac Associates, typed up
 1275 the couple of ads when we put the airplane up for sale.
 1276 Basically that, and that was about the only thing.

1277 . The bank account for MBW, Inc., I can't remember
 1278 whether it came to me or I gave it to Secord, but Secord
 1279 took all the corporate records basically, and there really
 1280 weren't any other than the bank account that we had.

1281 . Q At several times, as I have indicated, there may be
 1282 subjects that we will come back to you on, but that
 1283 completes my questioning for today.

1284 . Under our usual format, George Van Clave may ask
 1285 questions in addition for his part.

1286 . A Okay.

1287 . EXAMINATION

1288 . BY MR. VAN CLEVE:

1289 . Q Mr. Lilac, for the record, I am George Van Clave,
 1290 the Deputy Republican Counsel for the House Select
 1291 Committee. We have been previously introduced.

1292 . Can you please estimate for me the fraction of your
 1293 income over the last three years on average that has come
 1294 from work that you have done [REDACTED]

1295 . A You want to know the gross amount into the company

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1296 | or my salary?

1297 | . Q Take it first as a percentage of our company.

1298 | . A As a percentage of the company it is, the best I

1299 | can estimate is a little under 20 percent, about 20 percent,

1300 | roughly 20 percent.

1301 | . Q And based on the type of work that you have been

1302 | doing over the past couple of years, would you expect that

1303 | relationship to continue at that level or increase?

1304 | . A I would--it hasn't increased. It has stayed stable.

1305 | It hasn't increased at all.

1306 | . I would expect it to stay the same as long as I can

1307 | provide services to them in the aviation and communications

1308 | areas they have asked me to.

1309 | . Q Are you presently seeking some sort of a long-term

1310 | contractual relationship with them for these services or do

1311 | you currently have one, some sort of long term contractual

1312 | relationship?

1313 | . A No, not a long term. It is a year-by-year thing.

1314 | . Q I see.

1315 | . You, I believe, stated previously that your other

1316 | clients in your consulting business are principally American

1317 | aerospace companies; is that correct?

1318 | . A That is correct.

1319 | . Q And are these companies that have extensive

1320 | operations in Saudi Arabia?

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1321 . A Yes, they are.

1322 . Q And can you describe in general terms for the

1323 committee the nature of the work you do for these companies,

1324 is it connected also to Saudi Arabia?

1325 . A Yes, I have many years of experience in dealing

1326 with the Royal Saudi Air Force and in those roughly 15 years

1327 of working I have established kind of a trusted relationship

1328 with members of the Air Force and large companies that are

1329 going into Saudi Arabia in support of the programs that they

1330 have in country service programs or potential new sales of

1331 equipment, items, services and equipment to Saudi Arabia they

1332 want to go in and articulate those capabilities to the Royal

1333 Saudi Air Force both based on my relationship over the many

1334 years with the Royal Saudi Air Force plus the strengths that

1335 I have as a former test pilot and program manager.

1336 . They have hired me as a consultant to go in and

1337 help articulate those arguments in nearly all cases to the

1338 Royal Saudi Air Force.

1339 . Q So would it be fair to say in broad general terms

1340 that a considerable part of your total company business

1341 turns on work connected with Saudi Arabia?

1342 . A With the Saudi--

1343 . Q With Saudi Arabia?

1344 . A Yes, with Saudi Arabia as a geographic location.

1345 It is mostly there.

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1346 . . . I have also been doing work with Bahrain and
1347 potentially other countries in the Middle East as well as
1348 perhaps even Japan. But the majority is Saudi Arabia, yes.
1349 . 2 I appreciate that. Just a couple of brief
1350 questions if I might, about your personal background and
1351 some of the work you did in the government.
1352 . . . If I understood you correctly, you testified previously
1353 that you had been involved in the technical review in
1354 connection with the AWACs sale.
1355 . A That is correct.
1356 . 2 And did you use that terminology to describe your
1357 role in the process? That is, did you mean to distinguish
1358 between a technical knowledge of the equipment and personnel
1359 requirements and so on on the one hand, and the sort of
1360 strategic or military policy issues that might be involved
1361 with the sale on the other?
1362 . . . Did your role either at the Pentagon or at MSC have
1363 anything to do with strategic and policy considerations that
1364 were involved in the AWACs sale?
1365 . A I would like to make a distinction. While I was at
1366 the MSC, the AWACs sale had already been approved and was on
1367 the road.
1368 . 2 I understand.
1369 . A So we had very little residual work to do with the
1370 AWACs at MSC. But the technical--I said that I was the

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1371 technical briefer. When the Administration was presenting
1372 the case to the Congress I accompanied the briefers, in most
1373 cases it was national security advisor, and he would place
1374 things in the geopolitical context and I would brief on
1375 capabilities.

1376 . I was also responsible for program management of
1377 all programs to Saudi Arabia so putting together the letter
1378 of offer for the sale and why it was needed, somewhat
1379 involved with analyzing the threat that Saudi Arabia was
1380 trying to defend against, I was involved in that as well.

1381 . So both from a threat to the oil resources in the
1382 eastern province of the Kingdom of Saudi Arabia I was quite
1383 deeply involved in explaining that, as well as explaining
1384 the capabilities of the equipment to the Congress while we
1385 worked on that.

1386 . The terms and conditions of the letter of offer, I
1387 was involved in that as well as the program manager, chief
1388 program manager for the U.S. Air Force for Saudi foreign
1389 military sales.

1390 . Q Does that mean you were involved in negotiating the
1391 actual terms of the sales agreement with the Saudi
1392 government?

1393 . A Yes.

1394 . Q Including the pricing of the equipment?

1395 . A Yes, including the pricing of the equipment.

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1396 . . . 2 Going back to what you said about your knowledge
1397 about the threat that served as the justification for the
1398 sale, would that have been something that you would have
1399 been responsible for putting together, an analysis
1400 independently, or did you simply rely on work that was done?

1401 . A It was provided by other people in the Pentagon and
1402 in the Department of Defense. The Program Management Office
1403 that I had responsibility for really was basically an
1404 implementer, getting sales, working the contracts, working
1405 with the other agencies and the U.S. Air Force.

1406 . But in a proposed sale, especially one that was as
1407 contentious as that was, we had a lot of inputs from other
1408 agencies inside the Department of Defense, from the
1409 intelligence agencies, putting together threat analysis, Air
1410 Force intelligence people did work, Defense Intelligence
1411 Agency did some work.

1412 . So these inputs came in and as it turned out in
1413 expressing those arguments up here I was the representative
1414 of the U.S. Air Force on that sale so in most cases when
1415 there were questions in the Congress about those threats, I
1416 articulated them or went back to those experts and got the
1417 answers and provided them back through the Department of
1418 Defense organization that was managing our interface.

1419 . Then later on it transitioned over to the NSC, so
1420 we moved under the direction primarily of the National

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1421 Security Advisor at that time, Richard Allen.
1422 . MR. VAN CLEVE: I have no further questions.
1423 . Thank you very much for your cooperation.
1424 . MR. TIEFER: That concludes this deposition for the
1425 time being. It may be resumed at another date concerning
1426 the subjects we have discussed that were unnecessary to go
1427 into detail at this time.
1428 . Off the record now.
1429 . [Discussion off the record.]
1430 . MR. TIEFER: Back on the record.
1431 . Subject to resumption for the reasons stated, the
1432 witness is for now excused.
1433 . [Whereupon, at 12:35 p.m. the deposition was
1434 recessed.]

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Robert H. Lilac (Exhibits) 10 Feb 87
Exhibit numbers 2 and 4

DENIED IN

TOTAL

5788

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TRANSCRIPT OF PROCEEDINGS

~~17-5115-0000~~ 87MSIC 6022 187

CONFIDENTIAL

UNITED STATES SENATE

SELECT COMMITTEE ON

SECRET MILITARY ASSISTANCE TO

IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF ROBERT H. LILAC

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Partially Declassified/Released on 12-22-87
under provisions of E.O. 12356
by N. Menan, National Security Council

Fairfax, Virginia

Friday, April 17, 1987

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UNITED STATES SENATE

SELECT COMMITTEE ON

SECRET MILITARY ASSISTANCE TO

IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF ROBERT H. LILAC

Fairfax, Virginia

Friday, April 17, 1987

Deposition of ROBERT H. LILAC, called for examination, pursuant to subpoena, in the offices of Odin, Feldman & Pittleman, 10505 Judicial Drive, Fairfax, Virginia, beginning at 2:33 p.m., before Mary C. Simons, a Notary Public for the Commonwealth of Virginia, when were present on behalf of the respective parties:

On Behalf of the Deponent:

JAMES H. GALE, ESQ.

Odin, Feldman & Pittleman

10505 Judicial Drive

Fairfax, Virginia 22030

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On Behalf of the United States Government:

2

CAMERON HOLMES, ESQ.

3

PHILIP BOBBITT, ESQ.

4

DAVID FAULKNER, Investigator

5

United States Senate

6

Select Committee on Secret Military Assistance

7

to Iran and the Nicaraguan Opposition

8

901 Hart Senate Office Building

9

Washington, D.C. 20501

10

* * * * *

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C O N T E N T S

| 2 | WITNESS | EXAMINATION BY | PAGE |
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| 3 | Robert H. Lilac | By Mr. Holmes | 4 |
| 4 | | By Mr. Bobbitt | 113 |
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E X H I B I T S

| 8 | LILAC DEPOSITION EXHIBIT: | IDENTIFIED AND SUBMITTED |
|----|---------------------------|--------------------------|
| 9 | Exhibit No. 1 | 5 |
| 10 | Exhibit No. 2 | 39 |
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PROCEEDINGS

2 Whereupon,

3 ROBERT H. LILAC

4 the deponent, was called for examination by the Select
5 Committee on Secret Military Assistance to Iran and the
6 Nicaraguan Opposition and, having been first duly sworn by
7 the Notary Public, was examined and testified as follows:

8 EXAMINATION

9 BY MR. HOLMES:

10 Q Would you please state your name?

11 A Robert H. Lilac.

12 Q I gather that you have been previously deposed;
13 is that right?

14 A Yes. I was deposed, I don't recall the date,
15 but by the House Special Committee on the Iran
16 Investigation.

17 Q Have you had other depositions than that?

18 A No.

19 Q Do you feel familiar with the format of a
20 deposition?

21 A Yes, and my attorney is with me.

22 MR. HOLMES: If at any time you feel that you

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rysims 1 don't understand the question, be sure to stop and have me
2 rephrase the question or ask it again.

3 THE WITNESS: Okay.

4 MR. HOLMES: If you don't stop me, I'll assume
5 that you understand the question. Is that fair?

6 THE WITNESS: That's fair.

7 MR. HOLMES: Let's go ahead and start with this
8 letter from Mr. Gale. I would like to have it on the
9 record in order to place the reader on notice of its
10 existence at the beginning.

11 Let's just have this marked as Exhibit No. 1 to
12 this deposition.

13 (Lilac Deposition Exhibit

14 No. 1 was marked for identi-
15 fication and submitted for
16 the record.)

17 MR. HOLMES: Mr. Lilac, you understand that by
18 this letter and by the rules of the Senate Select Committee
19 this deposition is within certain confidentiality
20 protections.

21 THE WITNESS: Yes, I understand.

22 MR. HOLMES: I want you to feel free to divulge

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1 Crysmons 1 whatever information it is that I ask of you unless it's
2 2 covered by a privilege that you would like to talk over
3 3 with your attorney. If you think a certain answer is
4 4 covered by any privilege, whether it be an Executive
5 5 privilege or some kind of a secrecy privilege or even a
6 6 Fifth Amendment privilege, please alert me to that fact and
7 7 we can allow you to talk to your lawyer at that time. All
8 8 right?

9 THE WITNESS: Okay.

10 MR. HOLMES: I anticipate that we are going to
11 11 get into some information that you may feel is sensitive in
12 12 a national diplomacy sense and I want to be able to have
13 13 that on the record.

14 THE WITNESS: My primary concern, and the reason
15 15 we wrote ^{to} this letter, is just because of the protection of
16 16 business records, my business records.

17 MR. HOLMES: I understand that.

18 BY MR. HOLMES:

19 Q Mr. Lilac, I understand that you have been in
20 20 the Air Force; is that correct?

21 A Yes. I retired from the Air Force at the end of
22 22 1983.

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1 Q You had been in the Air Force since about
2 October of 1958?
3 A That's correct.
4 Q Had you ever been stationed in Iran?
5 A No. I have never been stationed in Iran.
6 Q Have you been stationed in Saudi Arabia?
7 A Yes. I was stationed in Saudi Arabia.
8 Q Was it more than one occasion?
9 A No. I made trips to Saudi Arabia on more than
10 one occasion, but I was only stationed there once.
11 Q When was that?
12 A June of '75 to about June of '76, approximately
13 one year.
14 Q After you were stationed there, did you ^[have] further
15 dealings with Saudi military interests?
16 A Yes. As a U.S. Air Force officer in 1979 I was
17 assigned to the Pentagon to head up the Saudi Management
18 Office which was responsible for overseeing for the U.S.
19 Air Force foreign military sales programs between the
20 United States Government and Saudi Arabian Government.
21 Q How long did you hold that position?
22 A Until the end of 1981.

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Q What was your title at that time?

2

A I was called Chief of the Saudi Management

3

Office for the U.S. Air Force Directorate of International
4 Programs.

5

Q Was the Directorate of International Programs

6

during that period of time under General Secord?

7

A Yes, it was for a portion of that period. In

8

approximately the beginning of '81 he moved to become

9

Deputy Assistant Secretary of Defense and a new Director

10

took over. So General Secord is the gentleman who I went

11

to work for initially when I went to the Pentagon, and then

12

he left to a different job in the Pentagon and I stayed on

13

there until the end of '81.

14

Q Who replaced General Secord?

15

~~A A Brigadier General by the name of Robert~~
16 ~~DePigatti.~~

17

Q After you left that post at the Pentagon ---

18

A Excuse me, that is not correct. In between

19

there was another office in there, Henry J. Sechler,

20

~~Brigadier General Hank Sechler~~ Delligatti I think

21

replaced Sechler.

22

Q When you left that position in the Pentagon,

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1 rrysmons where were you next assigned?

2 A For a short period of time I was assigned as a
3 Deputy to General Sechler for policy for international
4 programs, and then in the spring of 1982 I went to work as
5 a military officer attached to the National Security
6 Council at the White House.

7 Q During this period of time from '79 through your
8 beginning of employment at the NSC, was that primarily in
9 relation to the AWACS program?

10 A From '79 to '81?

11 Q Yes.

12 A No. I was responsible for all of our foreign
13 military sales programs between the United States and Saudi
14 Arabia. The AWACS was just one of those programs. We had
15 other programs that were ongoing and the AWACS actually
16 started during that period.

17 Q When did the AWACS start?

18 A There were studies going on about the air
19 defense requirements in Saudi Arabia from late mid-1979
20 through late 1979. They were actually ongoing when I
21 arrived. And throughout 1980 we had a series of studies of
22 these air defense requirements and the Saudis were wanting

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to buy an AWACS or at least an air surveillance platform
and the Administration was reviewing that requirement.

Then in the beginning of 1981 when the Reagan
Administration came onboard, they made the determination
that they would go forward with a notification that they
were going to make the sale to Saudi Arabia, and it was a
Congressional notification that took place in early 1981.

So throughout the period of 1981 most of my
activities were in support of the Administration's efforts
to sell the AWACS to Saudi Arabia.

Q You were a technical briefer?

A During that period I still ran the Saudi
Management Division at the Pentagon, but since our office
was responsible for this AWACS request and deal with the
Air Force agencies that were responsible for putting
together material associated with the sale, I became
essentially the point man for the U.S. Air Force and
provided technical briefings to anyone that the
Administration needed to brief, both within the
Administration, outside the Administration and to the
Congress. So I was a technical briefer with the
Administration's efforts to sell the AWACS to Saudi Arabia,

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rysmons 1 to gain approval from the Congress for the sale.

2 Q Did your involvement with the AWACS program
3 continue at the NSC?

4 A No, it did not, not really. There were a few
5 residual things left over that were associated after the
6 sale was approved and the things that were being done
7 between the United States Government and Saudi Arabia prior
8 to the sale, and in some cases I provided answers to
9 questions just because I had spent a year or almost two
10 years involved in AWACS in general, but I did not have
11 responsibilities per se for the AWACS sale. They stayed
12 with the U.S. Air Force when I left and went over to the
13 NSC.

14 Q What was your tenure at the NSC?

15 A How long? From the spring of '82 until I
16 retired from the Air Force at the very first of December of
17 1983, or at the end of the year.

18 Q What were your duties at the NSC?

19 A My primary duties were having NSC
20 responsibilities for the security assistance budget which
21 was worldwide foreign aid as well as the portions of those
22 foreign military sales that needed to have some interface

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2 with the NSC or the White House staff, but the great
3 majority of my time was spent in working with the
4 interagency process with primarily the State Department and
5 the Defense Department and somewhat with OMB in developing
6 the budget for the foreign aid account around the world and
7 ensuring that the President's priorities for foreign aid
8 were met in that interagency process.

8 Q Was there an account at NSC in which the
9 Nicaraguan opposition would have fallen during the period
10 of time you were there?

11 A During the time that I was there I don't recall
12 anything at all associated with the Nicaraguan account. To
13 the best of my recollection, we didn't have any foreign aid
14 per se. The security assistance budget in foreign aid, as
15 I define it, was what is called in the foreign aid system,
16 in the appropriations system as the 150 Account. 150 is in
17 fact that military aids and grants and loan program that we
18 provide the countries around the world.

19 That 150 Account did not have any, nor did I
20 have, any responsibilities in intelligence accounts. So we
21 didn't have anything to do with covert activities or covert
22 fundings and, to the best of my recollection, there was no

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rysmons 1 Nicaraguan funding associated with that 150 Account during
2 those years.

3 Q Was there any Central American ---

4 A Yes, there was. I don't recall the details
5 because my responsibilities were quite general. There were
6 regional specialists within the NSC who dealt in the
7 details, but one that I do recall specifically is the El
8 Salvador account.

9 During those not quite two years that I was
10 there El Salvador and funding for the El Salvador
11 Government was a priority in the Central America portion of
12 that 150 Account.

13 MR. HOLMES: I'm going to pass on to something
14 else and come back to the dealings of the NSC.

15 I would like to ask you about your various
16 relationships with General Secord.

17 MR. HOLMES:

18 Q He is U.S. Air Force retired also, is he not?

19 A Yes. He retired. He was a two-star General in
20 the U.S. Air Force.

21 Q When did you first meet him?

22 A I first met him when I came to work for him in

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1979 at the Pentagon.

Q Had you known of him prior to that?

A The only reason that I knew of him was that another General who I did know recommended to General Secord that I would be an officer who had the kind of background that General Secord might need to run his Saudi office. This other General mentioned my name to General Secord and told him of my background and also called me and said that you might want to consider going to work for General Secord. He needs someone with your depth of experience in Saudi Arabia.

Q Who is this General?

A That's General Jim Ahmann. He is also a retired Air Force General now.

Q And you worked directly under General Secord while you were there at the Pentagon?

A Yes. During the time that he was there, yes.

Q I understand that you have some mutual friends including, for example, Keith Phillips and Mr. Burney?

A Yes, that's correct.

Q How did you know Keith Phillips? Was that independent of General Secord?

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1 A Yes, it was independent of General Secord.
2 Q How did you know him?
3 A Well, he was a fighter pilot in the Air Force
4 and I'm not sure or don't really recall whether I met him
5 before this time, but my friendship with him became closer
6 when I met him in 1974 when I went to Saudi Arabia.
7 Q So you became closer friends with him ---
8 A Closer friends at that time because he was
9 working as an adviser in Saudi Arabia and I had delivered
10 airplanes to Saudi Arabia in 1974.
11 Q Would you characterize yourself as a fairly
12 close friend of Phillips now?
13 A Yes.
14 Q Do your families get together sometimes?
15 A Yes. Mr. Phillips lives in Saudi Arabia, and
16 when he comes back and when he comes through Washington we
17 get together and usually go out to dinner.
18 Q I assume you visit him when you go to Saudi
19 Arabia?
20 A Yes, I do.
21 Q When was your last contact with General Secord?
22 A The last contact with him?

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--rysimons 1

Q Yes.

2 A Do you mean speaking with him or ---

3 Q For example, speaking with him.

4 A I talked to him a couple of weeks ago.

5 Q And where did that occur?

6 A Here in Washington.

7 Q Was anybody else present?

8 A No. I just talked to him on the telephone.

9 Q What was the conversation you had?

10 A I asked him how he was doing, and he said that
11 he was busy naturally with the current investigation. And
12 I asked him how he was making out, and he said that he was
13 doing okay. He said he had a lot of legal bills that were
14 building up. Basically that was the gist of the
15 conversation.

16 Q Did he ask you whether you were going to be
17 deposed at any time?

18 A No, he did not.

19 Q Did you discuss any of the facts of the current
20 investigation?

21 A Not really. We talked about it a little bit, as
22 I said, associated with his legal bills. I asked him how

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1 Crysimons he was doing, and he said that he thought he was doing
2 okay. He said if he could pay his legal bills, and he
3 didn't think that he had done anything illegal, he thought
4 he was going to be doing okay. He seemed to be quite
5 concerned about the stack of legal bills he was building
6 up.

7 Q Did the topic of [REDACTED]
8 come up at all?

9 A Yes, sort of generally. He said that he was
10 surprised at what Bud McFarlane was reported to have been
11 saying in the newspapers.

12 Q Could you recreate for me the conversation in
13 that regard?

14 A I don't know. I think it would be difficult to
15 remember. I think he called me up at about the time that
16 this story came out in the Washington Post.

17 Q He called you and you didn't call him?

18 A I think he called me at that time, yes, or I may
19 have been returning his call.

20 Q And what was said about that subject?

21 A Excuse me?

22 Q What was said about the subject?

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2 A Well, just that he was surprised, that he was
3 wondering if there might be something wrong with Bud
4 McFarlane, and he was surprised at what he was saying and
5 he was sort of wondering how [REDACTED] was taking it, the
6 stories about getting [REDACTED] involved in the
7 story.

8 Q What did you tell him about that?

9 A At that time I really didn't know anything about
10 what [REDACTED] thought about it. So I don't think I
11 said anything to him. I don't recall saying anything to
12 him about [REDACTED] comments.

13 Q When you say at that time you didn't know, I
14 gather at some other time you knew?

15 A Well, yes, I know [REDACTED] pretty well, and
16 I believe it was at a later time than that. [REDACTED]
17 just said that he was surprised and disappointed at Bud
18 McFarlane's comments.

19 Q At a later time than two weeks ago?

20 A I think it was, yes. I can't remember exactly.
21 To be honest with you, my memory on that is a little hazy.
22 I don't know if I can correlate them exactly. I say a
couple of weeks ago, but that's a rough couple of weeks. I

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1 Crysmons 1 don't know if it's two weeks or three weeks.

2 Q All right. Has there been more than one
3 conversation with [REDACTED] since the conversation with
4 General Secord?

5 A Yes. I see [REDACTED] pretty regularly.

6 Q How often is regularly?

7 A Oh, I probably see him when he's in town, and I
8 probably see him once or twice a week.

9 Q And how many conversations have you had with him
10 since the conversation with General Secord in which the
11 topic of [REDACTED] the contras came up?

12 A I would just be guessing to give you an answer
13 to that.

14 Q Well, this is a two or three-week period. Am I
15 to gather that it comes up on a fairly regular basis?

16 A Oh, the subject?

17 Q Yes, the subject.

18 A Oh, no, the subject doesn't come up on a fairly
19 regular basis. You said how many conversations have I had
20 with [REDACTED] I had a lot of conversations with him.

21 Q The conversations in which this subject came up.

22 A Oh, I think just two, two or three maybe, one

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1 Crysmons when the story first came up and then again -- I can't
2 remember exactly -- I guess it was a week or so later.
3 Yes, probably a week or so after that.

4 Q And then the third conversation would have been
5 this most recent one that occurred since the phone call
6 with General Secord?

7 A I'm losing my place in the book. I have a lot
8 of conversations with [REDACTED] but I don't know if
9 I've had -- I've had more than one conversation with [REDACTED]
10 [REDACTED] about that subject since I had a phone call with
11 General Secord.

12 Q Oh, I see.

13 A But the gist of them, and they kind of run
14 together and it's hard to specifically pull them out as
15 individual times.

16 Q Okay. Let's work backwards on [REDACTED] and
17 then maybe we can reconcile it.

18 When was the last time you spoke with [REDACTED]
19 [REDACTED] in which the subject of [REDACTED] the contras
20 came up?

21 A Let me see. Probably about, and again I'm just
22 guessing, but it's probably about -- I know that it's more

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erry simons 1 than a week. It's probably 10 days ago.

2 I think it's worth clarifying that point. When
3 there is a story in the paper and it comes up, he and I are
4 fairly close friends when we have a dinner or we're sitting
5 together watching television or it's on the news, the
6 subject comes up just by the fact of it being there.

7 Q I understand and it seems perfectly normal to me
8 that that would be the case. And the last time that that
9 happened, it would have been sometime within the last week
10 or 10 days?

11 A Well, I know it's longer than a week ago because
12 he has been out of town for about a week. So, you know,
13 it's before that. It's a few days before that.

14 Q Do you recall the circumstances of it coming up
15 on that occasion?

16 A I think it was associated with something that
17 popped up on the news about Secord and the committee's
18 trying to get Secord's business records because that was a
19 topic that was on the news. I believe that's what it was.

20 Q All right. And you were sitting watching the
21 news with him then?

22 A Yes, and I do that fairly often.

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Crysmons 1

Q And where would that have occurred?

2

A At [REDACTED]

3

Q And what was said?

4

A Excuse me?

5

Q What was said between he and you?

6

A He just wondered how Secord is going to make out

7

on this and whether his records are going to be released or

8

what, you know, just a comment about that. So that's when

9

the subject of Secord and contra comes up, you know, when

10

you're watching that on the news.

11

I don't recall the gist of that particular

12

conversation. I said, yes, you know, Secord had called me

13

up. I told him that he had called me up. And he says,

14

well how's he doing? I said, well, he seems to be doing

15

all right. He doesn't think he's done anything wrong and

16

is complaining about his legal bills, you know, again, the

17

same thing played back again. But I haven't really

18

discussed with him the specific subject in those last

19

conversations of supposedly [REDACTED]

20

Q Let me review with you for a second what I

21

thought I heard you say a little while ago so we can get

22

together on this.

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A Okay, sure.

2 Q I thought you told that after you spoke with
 3 Secord you had later learned again from [REDACTED] that
 4 he was surprised and disappointed about the allegations or
 5 story that [REDACTED]
 6 contras. Is that what I heard you say?

7 A Yes, that's right.

8 Q So at the time when you're sitting with [REDACTED]
 9 [REDACTED] listening to the news most recently in the last,
 10 let's say, 7 or 10 days ago, what did he say specifically
 11 about the subject of the contra aid that led you to believe
 12 that he was surprised and disappointed?

13 A Oh, nothing. Oh, no, not at that time. When
 14 [REDACTED] said that he was surprised and disappointed,
 15 it was some period of time after that story had come out in
 16 the Washington Post, I think it was the Washington Post,
 17 within the last few days.

18 But, as I say, we spend a lot of time together
 19 and without looking at a calendar and seeing when the
 20 stories were written, I would have a lot of trouble
 21 creating the exact time sequence of the sequence of the
 22 conversations. I have to admit I wouldn't be able to

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1 Marysimons 1 create that for you accurately.

2 MR. GALE: As I recall what he said, he said
3 that he was surprised and disappointed at what McFarlane
4 said. That's what I recall hearing him say.

5 THE WITNESS: No, I did say that.

6 MR. GALE: Yes, and not anything about the
7 contras as you just finished articulating.

8 BY MR. HOLMES:

9 Q Didn't you mean about what McFarlane said about
10 the contras?

11 A What he specifically said, and I think this is
12 what I said since we are going back over again to make sure
13 we get it right, that [REDACTED] was
14 surprised and disappointed at what McFarlane had said about
15 [REDACTED] yes, that's
16 correct.

17 Q And was this conversation since your last
18 conversation with General Secord?

19 A I think it was, yes. I think it was.

20 Q Okay. And is this the same conversation that
21 we've been talking about with you and him watching TV
22 together or is this a different conversation?

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Crysimons 1

2 A No, this is a previous conversation to that,
because I spend ---

3 Q When did the surprised and disappointed remark
4 get made, to the best of your recollection?

5 A After the Post article came you, I think it was
6 the Post article that [REDACTED]

7 [REDACTED]
8 [REDACTED]
9 Q And do you know approximately when that was?

10 A I would have to look in the newspapers to find
11 out?

12 Q Within the last month was it?

13 A Well, let's see, I think it was [REDACTED]
14 [REDACTED]

15 Q Did he say anything else other than that he was
16 surprised and disappointed? Did he elaborate on what he
17 was surprised or disappointed about?

18 A No, he did not.

19 Q Now you've had other conversations with [REDACTED]
20 [REDACTED] about the same subject; is that right?

21 A Yes, in general terms about the Iran contra
22 thing, yes.

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Q All right. Now working our way back from the surprised and disappointed conversation, I would like to hear about, and I recognize that you may have some difficulty with the exact dates, but I would like to hear about each conversation you had with ~~PRINCE BANDAR~~ [REDACTED] about that subject back to the beginning of time. Go ahead.

A I think it would be impossible to recreate that. I sit and I watch the news with ~~PRINCE BANDAR~~ [REDACTED] a lot, and every time it comes on the news there is a general conversation or a comment about it, and especially from the time that it was big news last fall through the December/January time frame. Every time there was a story and it's something on the news and we're sitting there, I would be sitting there and we naturally talked about what was on the news, just like we talked about the other topics that were on the news.

So I would really be hard pressed to recreate it.

Q Have you ever had a conversation with him in which it was discussed with any detail?

A No, not to the best of my recollection because when the various stories first came out [REDACTED]

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1 [REDACTED] comments have been, and I would
2 have to lump them together and average them out because I
3 can't recreate a specific quote, and this is trying to be
4 as helpful as I can in responding to your question, but he
5 has said that he didn't understand the stories, that [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED] and that he
9 wasn't going to talk about it. And from that time
10 previously in history there was never any detailed
11 conversations with me about [REDACTED]
12 except in general terms.

13 If I trace it back all the way through history,
14 as close to a conversation as I can come to [REDACTED]
15 [REDACTED] relates back again to a question that
16 General Secord asked me sometime in, to the best of my
17 recollection, in early, or the spring of 1985, and I can
18 remember it because it was a very specific comment.

19 General Secord at that time asked him, because I know
20 [REDACTED] well, he said, Bob, he said I would
21 like to see [REDACTED] and he says, I need to talk to
22 him.

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Q When and where did this conversation take place?

2

A When?

3

Q Right. Is the spring of '85 as close as you can get to it?

5

A Yes, it is. Yes, the spring of 1985. I can't recall ---

7

Q Was this before or after [REDACTED]?

8

A Well, spring would be after, but pinpointing it

9

[REDACTED] it was around that time. It might have been before. In my mind I haven't specifically related it to that, but the question that General Secord asked was that he said he wanted to see [REDACTED] and I said well, what do you want to talk to him about, is there something I can elaborate to see if we can get him to talk to you, and he says, well, he says I think that it would be in [REDACTED]

17

Q Where did this conversation take place?

19

A I don't recall. I don't recall if it was in person or on the telephone, but it took place here in the Washington area.

22

Q Do you recall whether anybody else would have

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rysimons 1 been privy to the conversation?

2 A No. I think it was just he and I.

3 Q Go ahead.

4 A And I said, well, just in reacting, and
5 paraphrasing my comments back to General Secord, I said I
6 don't know it would be in their best interests to do this,
7 but I said I'll be glad to pass your message on [REDACTED]
8 [REDACTED] that you want to talk to him.

9 So I went [REDACTED] and I told him. I
10 said General Secord would like to see you. He said, what
11 does he want? Well, he wants to talk to you about this
12 subject of, or he thinks it might be useful if you guys
13 [REDACTED] told me in no
14 uncertain terms in reaction to that, and he used some
15 expletives ---

16 Q As you have kindly quoted to the House?

17 A Yes, that's correct.

18 Q Go ahead.

19 A But he told my in no uncertain terms that I had
20 to be crazy and that no, he wasn't going to talk to Dick
21 Secord about that and, to the best of my knowledge, he
22 didn't. But from that time on, and that's as close to a

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arysimons 1 specific thing about [REDACTED] as I can
2 come up until stories came out in the newspaper.

3 Q Did you say to the best of your knowledge he
4 never spoke to Secord about it?

5 A To the best of my knowledge, he never spoke to
6 Secord about it, only because when he told me that I had to
7 be crazy and that he wasn't going to meet with him, I told
8 that back to General Secord, and I don't know of them
9 meeting on that subject at any time after that. I was
10 never present when they did.

11 Q And you've never spoken to General Secord again
12 about that subject?

13 A I related back to him what [REDACTED] said.

14 Q And when and where did that take place?

15 A I don't recall when it took place, but usually
16 when something like that happens, [REDACTED]

17 [REDACTED] I probably would have talked to him with a few days.
18 but it would have been within a few days after that as
19 well.

20 Q In a phone conversation or was it in person?

21 A I don't recall.

22 Q And you told him fairly closely quoting (the)

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arysimons 1

2 A Exactly quoting him, yes.

3 Q And what was General Secord's reaction to that
4 rebuff?5 A He said he didn't understand it. He said he
6 thought that it made sense, and he just dropped it. I
7 don't know what he did with it after that.8 Q And you are saying that you have never again
9 spoken to General Secord about his approach [REDACTED]
10 [REDACTED] on behalf of the contras?11 A Never again spoken to him, yes, that's true. He
12 never raised that subject and he never asked me again. He
13 never asked me again that he wanted to go talk [REDACTED]
14 [REDACTED] about that subject.15 MR. HOLMES: Could we go off the record for a
16 second.

17 (Discussion off the record.)

18 (Brief recess taken.)

19 MR. HOLMES: Let's go back on the record.

20 EXAMINATION (Resumed)

21 BY MR. HOLMES:

22 Q Mr. Lilac, prior to the time that you spoke with

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Mr. Secord last, this phone conversation that we discussed earlier, when was the last time you talked with Mr. Secord before that?

A It was probably a week or two before that.

Q So we're talking about roughly a month or so ago?

A Probably a month. Yes, roughly a month ago plus or minus a little bit.

Q And how did that conversation occur? Was that also by telephone?

A No, he called up and then he said he wanted to stop by and see me. So he stopped by at my house in Washington.

Q Was anybody else present when he arrived?

A No.

Q Did anybody else see him there?

A See him at my house?

Q Yes.

A My wife may have been there, but I'm not sure.

Q Was he with anybody?

A No, he was alone.

Q What did he say when he arrived?

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1 A Well, I don't recall exactly what he said when
2 he arrived, but the gist of the conversation was that he
3 wanted to stop by and see me, and what he was doing was
4 explaining to me the plight situation he was in with his
5 legal fees. I think very honestly he was lobbying me that
6 if anybody that I knew wanted to help him with contributing
7 to his legal fees that he would sure be appreciative of
8 it. He was a friend of mine and I listened to his story.

9 Q What did he say?

10 A He just said that his legal fees had used up all
11 his money and that he had about another \$100,000 of legal
12 fees in addition to that that he hadn't paid yet.

13 He was in pretty good spirits I would have to
14 say. I asked him how he was doing, and he still said that
15 he thought he was going to do okay if he could keep his
16 lawyers employed because he didn't think he had done
17 anything illegal.

18 Q Did he ask you for any possible sources of money
19 that you might have access to?

20 A He asked me if I might speak to [REDACTED]
21 to see if they might be willing to help him, and he said
22 anybody else who might assist.

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Did he have any particular [REDACTED]

2

3

No, he just said [REDACTED]

but

4

there was no doubt in my mind that he was referring to

5

perhaps [REDACTED]

6

7

I ask him, I said, you know, that I personally

8

didn't see [REDACTED]

I said don't you

9

have any other sources? I even specifically asked him, I

10

said couldn't Albert Hakim help you, and he said, well, all

11

of Albert's funds were tied up as well.

12

Q Did you ask him about any other possible sources

13

that he might have?

14

A That he might have? No, I did not ask him. He

15

said that Albert's funds were all tied. He said, just like

16

everybody else's funds were all tied up. He even made the

17

comment at that time that Khashoggi's funds were tied up.

18

When he said that, as a part of that

19

conversation we talked a little bit about Khashoggi, not in

20

detail, but I said that I was surprised [REDACTED] funds

21

were alleged to have been involved. And he said that he

22

didn't know [REDACTED] funds involved, but by deduction

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1 Crysmons he thought that perhaps there was a source [REDACTED] funds
 2 of \$15 million, but he didn't have any firsthand knowledge
 3 of that. And he was fairly specific about that because
 4 that was about the time that some of the stories were
 5 coming out about the fact that there was alleged to have
 6 been [REDACTED] to the contras, but this was of
 7 course after the Khashoggi stories about where Khashoggi
 8 was involved in financing.

9 Q Did he refer to any source of this information
 10 or deduction that there was an amount of \$15 million?.

11 A No, he didn't. He just said that by his
 12 knowledge of what was going on that he deduced that there
 13 might be \$15 million [REDACTED] money involved.

14 Q What was your reaction to that?

15 A I was surprised. I said that I had read about
 16 Khashoggi's things, but I didn't know [REDACTED]

17 [REDACTED]
 18 [REDACTED] So I was surprised that
 19 he thought that there might possibly be \$15 million
 20 [REDACTED] funds, and I don't know whether those were [REDACTED]

21 [REDACTED] In the conversation he didn't
 22 delineate the two.

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1 Q Was he talking in the conversation
2 funds for the contras, or was he talking
3 in the context of Khashoggi

4
5 A It was in connection with -- well, he didn't tie
6 Khashoggi All he was doing was talking
7 about funds in general, and he talked about funds being
8 tied up, and when he was talking about Khashoggi funds
9 being tied up, that was within the conversation. So it was
10 in the context of Khashoggi rather than
11 funds.

12 Q So you're saying, if I'm getting you right,
13 you're saying that this was not \$15 million that went to
14 the contras. It was \$15 million that was involved in the
15 Iranian missile sales in some way?

16 A No, we didn't talk about Iranian missile sales
17 or we didn't talk about contras. We were just talking
18 about funds and he talked about Khashoggi's funds being
19 involved, Khashoggi's funds being tied up. So we weren't
20 talking about Iranian missiles or contras. Really we
21 weren't talking toward one piece of it or the other piece
22 of it.

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Q So it was a general reference then?

2 A It was a general reference, yes, sir.

3 Q Did he tell you from what he deduced this, from
4 what information he was able to deduce the ---5 A No. The only thing he said was from his
6 knowledge of what was going on, and he didn't elaborate
7 about the details of what was going on, but in the context
8 of his investigation I guess that he assumed that I knew
9 that he was involved, but we didn't talk about any of the
10 details of his involvement either on Iran or on contra or
11 on the combination.12 Q Now other than this conversation, have you ever
13 discussed the possibility [REDACTED] money was involved in
14 either the Iranian or the contra end of these events with
15 General Secord?16 A No, other than the one I told you about a couple
17 of years ago where he asked me that he wanted to see [REDACTED]
18 [REDACTED] Beyond that, no, we never. As a matter of fact,
19 we never had any other discussions at all on that subject,
20 and we never had any discussion on the subject of contras,
21 to the best of my recollection, in that time, although I
22 had seen General Secord on, not a frequent basis, but saw**UNCLASSIFIED**

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1 him quite a few times in that period.

2 Q How did your conversation end there at your

3 home, what was the upshot, the conversation we've been

4 talking about with General Secord?

5 A How did it end?

6 Q Right. Or maybe a better question is how did it

7 go from where we were and finish out?

8 A You mean on the conversation?

9 Q Yes.

10 A Well, the only place that he went was that I

11 wished him good luck on what he was doing and asked him to

12 hopefully hang in there. I don't think I made the comment

13 at that time to him, but I did not make any contributions

14 to him. I wish I could have for his legal fund. But he

15 did said on the specifics, he did say that he did have a

16 friend of his who had a legal fund established for him if

17 anybody wanted to contact him.

18 Q So in case you came up with some money you would

19 know who to call?

20 A In case I either did or wanted to pass it on to

21 somebody else who was a mutual friend of Secord's that

22 wanted to contribute.

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Maysimons 1

Q Who was that?

2 A Who was the person that had the fund?

3 Q Right.

4 A His name was Sandy Martin.

5 Q While we're on that subject, is STTGI paying
6 your legal fees?

7 A STTGI?

8 Q Or any other corporation?

9 A Paying my legal fees?

10 Q Right.

11 A No. I'm paying them myself. No, STTGI and I
12 have no relationship now.

13 Q All right. Let me get into that now.

14 I understand that you were at one time a
15 consultant with STTGI; is that correct?16 A Yes. In mid-1984 General Secord asked me to do
17 some consulting for him on the subject of a shelter project
18 primarily in Saudi Arabia and then in another country in
19 the Middle East, and I agreed to do that. I consulted with
20 them for seven months and then had another contingency
21 agreement with them for about another year in which I
22 helped them and they just paid expenses if I incurred any.**UNCLASSIFIED**ACE FEDERAL REPORTERS, INC.

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rysims 1 Q This began June 1st, 1984?
2 A Yes. June 1984, yes.
3 MR. HOLMES: Can we have this marked as Exhibit
4 No. 2.
5 (Lilac Deposition Exhibit
6 No. 2 was marked for identi-
7 fication and submitted for
8 the record.)
9 BY MR. HOLMES:
10 Q You were to be \$2,500 a month from June 1st
11 through the next seven months; is that right?
12 A That's correct.
13 Q Were you in fact paid those amounts?
14 A Yes, I was.
15 Q How were you paid?
16 A By check.
17 Q From STTGI?
18 A From STTGI, right.
19 Q What did you do in relation to that money?
20 A Do you mean what were my consultant services?
21 Q Yes. What services did you perform?
22 A Primarily it was providing briefings, meetings

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rysims 1 and discussions with people in Saudi Arabia in the Royal
2 Saudi Air Force associated with STTGI and the steel company
3 that they were working with, the steel and construction
4 company that they were working with to provide shelter
5 doors.

Q This is Marwais Steel?

A Marwais Steel; that's correct. And as a part of
8 that we provided various briefings to people at the
9 Headquarters of the Royal Saudi Air Force and a couple of
10 their bases about the capabilities that the Marwais shelter
11 doors could provide for the shelters that were being built
12 in Saudi Arabia to protect their aircraft.

13 In addition to that, I also was assisting them,
14 although to a lesser degree, for a larger contract that
15 they were competing for in Abu Dhabi, and that was not just
16 for shelter doors, that was aircraft shelters, the entire
17 shelter, the complex they were competing on to build.

Q That was during the same time period?

A Yes, although the only thing that I really did
20 on the Abu Dhabi one was make one trip to Abu Dhabi. I
21 believe it was in the early spring of '85 I think it was to
22 Abu Dhabi to present a briefing about the testing of

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1 shelters to officials in Abu Dhabi, but the briefing never
2 came off although I did make the trip.

3 Q I would like you to now verify that what is now
4 marked as Exhibit No. 2 is in fact a copy of the agreement
5 which you signed at that time.

6 A That is correct.

7 Q How were you originally approached for this
8 relationship with STTGI?

9 A Well, General Secord was in business, had
10 retired and was in this business, and he called me up and
11 said that they were working with Marwais Steel and he asked
12 me if I would be willing to be help them. I think we had
13 talked about it a couple of times earlier in 1984, and then
14 in June we came up with this agreement and signed it.

15 On several trips that I made to Saudi Arabia I
16 was trying to carry the message of the shelter doors to
17 people in the Saudi Air Force that I dealt with. General
18 Secord approached me I guess is the short answer to your
19 question.

20 Q Did you travel on behalf of STTGI during the
21 seven-month course of this agreement?

22 A Well, I traveled several times for STTGI, and it

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marysimons 1 went from the seven-month agreement to the time in which we
2 had sort of a follow-up letter contingency, sort of a
3 contingency contract that followed on to that basic
4 agreement. And the answer is yes, I made -- I'm not
5 exactly sure of the number. I think it might have been
6 twice to Saudi Arabia and once to Abu Dhabi.

7 My trips when I made them usually were for more
8 than a single purpose. So I maybe didn't make the trip
9 only for STTGI. I made it on behalf of perhaps two
10 clients. I can't recall the specifics of when I billed
11 them.

12 (Lilac Deposition Exhibit
13 No. 3 was marked for identi-
14 fication and submitted for
15 the record.)

16 BY MR. HOLMES:

17 Q I'm handing you what has been marked as Exhibit
18 3. Is that the replacement agreement that you're referring
19 to?

20 A Yes, it is.

21 Q And this is a contingency agreement, is it not?

22 A That is what I refer to as a contingency

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arysimons 1 agreement.

2 Q That you are going to get \$300,000 if, and only
3 if, a large sale is made?

4 A It wasn't \$300,000. It was a contingency that
5 we would sign up for a follow-on, continuing consulting
6 agreement for a period of 18 months in which they would pay
7 me at the rate of \$200,000 annually for that consulting
8 agreement if they received a large contract in that area.

9 Q And \$200,000 a year times 18 months would be
10 \$300,000, right?

11 A For those consulting services, yes.

12 Q Right, for those additional services to be
13 provided.

14 A For the additional 18 months of services, right.

15 Q Prior to this replacement agreement in May of
16 1985 you hadn't done any traveling for STGI; is that
17 accurate?

18 A Well, I traveled once to Saudi Arabia in 1984 I
19 think. I would have to look at my records to specifically
20 give it to you, but I think during the period when this
21 ended and this one picked up, I don't think I traveled for
22 them, but if I did it would have been on a verbal agreement

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rysmons 1 and they would have just picked up expenses.

2 Basically, the summary of it is is I had seven
3 months in which they paid me \$2,500 a month, and then they
4 paid me nothing else except my expenses for the one or two
5 trips that I made for them after the first agreement was
6 completed.

7 Q Other than the Marwais effort and the related
8 effort of whole shelters in Abu Dhabi, did you perform any
9 services at all for General Secord in any business context?

10 A No, I did not.

11 Q There was nothing in relation to electronics or
12 any other exports or anything like that?

13 A No other services for exports or electronics.
14 At one time sort of separate from the agreement General
15 Secord talked to me about a company that he was dealing
16 with that was having difficulty getting paid in Saudi
17 Arabia. It happened to be with a saline water contract,
18 and he showed it to me and said do you think you can be of
19 any help, and I told him that I didn't, but that was the
20 only other item of discussion we had that could be related
21 to business.

22 Q When was that?

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1 A Somewhere during this period. I don't recall.
2 Q The middle of '84 through the middle of '85, is
3 that what you mean by this period?
4 A I think it was during that period. I don't have
5 any records on it. So I'm not sure.
6 Q Did you ever meet a Mr. Perry in connection with
7 Marwais?
8 A Perry. There was a gentleman in General
9 Secord's office who worked with Marwais and I think his
10 name was Perry.
11 Q That's the one I'm talking about.
12 A Yes, I did meet him.
13 Q What was his first name?
14 A I don't know.
15 Q And your work with Marwais related only to Saudi
16 Arabia then, the Abu Dhabi contract being separate, or was
17 Marwais involved in that also?
18 A No, Marwais was involved in that also. STTGI is
19 who I worked with and they worked with Marwais, and I was
20 assisting General Secord in STTGI.
21 Q Are you familiar with the name IDG?
22 A IDG?

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Crysmons 1

Q IDG, right.

2

A It doesn't sound familiar. What does it mean

3

and I might know.

4

MR. FAULKNER: International Development Group.

5

THE WITNESS: It sounds familiar, but I'm not

6

sure. Is that the company that is based in Rosslyn?

7

MR. FAULKNER: There is an office here, yes.

8

THE WITNESS: Okay. Then I may be familiar with

9

them. Is that the company that's associated with Sam

10

Bamieh?

11

BY MR. HOLMES:

12

Q Go ahead. What do you know about it, assuming

13

that's the one we're talking about?

14

A Well, if it is, I know Sam Bamieh. IDG is just

15

familiar only because -- it just rang a bell. I met Sam

16

Bamieh with General Secord and Mr. Hakim when they were

17

talking about trying to find someone to work with in Saudi

18

Arabia on the shelter project.

19

Q Let's see if we can fix a date and a place for

20

this meeting.

21

A Okay. I think it was early -- well, it was in

22

early '84. When I met him it was in the San Mateo or the

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1 San Jose, California area. I was in California and General
2 Secord wanted me to visit STTGI, and this was before I
3 signed the agreement, to see if I would be willing to work
4 with them.

5 So I went to visit STTGI at their office in San
6 Jose, and General Secord asked me if ^I would accompany he and
7 Albert to a discussion with Sam Bamieh about their
8 potential for doing business with Bamieh because Sam Bamieh
9 was an established businessman that had done business in
10 Saudi Arabia because they were looking for a partner to
11 joint venture with to help do their business in Saudi
12 Arabia.

13 Q You and Secord and Hakim met with Bamieh?

14 A Yes.

15 Q Was anybody else present?

16 A I don't recall if there was anyone else from Mr.
17 Bamieh's office there or not.

18 Q Was this in a residence or was it in a business?

19 A No, it was at Bamieh's office in that area of
20 San Jose/San Mateo.

21 Q He had a business office there?

22 A Yes, he did.

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1 Q Was there any paperwork displayed or discussed
2 at all at that meeting?

3 A I don't recall.

4 Q There were no contracts or no agreement or
5 anything like that?

6 A I don't recall paperwork being displayed, but
7 there was discussion about an agreement because they were
8 trying to come to an agreement between STTGI and Sam Bamieh
9 about the kind of business relationship that they would
10 have.

11 Q All right. And what was your understanding of
12 the positions of the two sides? What did STTGI hope to
13 bring to the agreement and what did they hope to get from
14 the agreement and likewise Mr. Bamieh's side?

15 A Well, I had just been to STTGI the first time
16 and I don't really know what they expected to bring to the
17 table in the agreement. The only thing I do recall is
18 after that General Secord telling me that they could not
19 come to an agreement because Sam Bamieh wanted to sort of
20 take over STTGI and they weren't willing to come to an
21 agreement. So they parted ways.

22 Q Okay. While you were there at the meeting what

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rysimons 1 was discussed about the potential mutuality that they might
2 be able to reach?

3 A It's three years ago or so, and I just can't
4 recall. I know that they talked about some of the
5 substance of the fact that they wanted to work on projects
6 in Saudi Arabia, and I do believe that the specific of the
7 shelter project was discussed at least in general terms,
8 but beyond that I don't recall anything because that was
9 the only thing I was involved in or was potentially
10 involved in with General Secord.

11 Q You certainly would have become involved in
12 anything in Saudi Arabia though, wouldn't you, considering
13 your close ties with Saudi Arabia [REDACTED]
14 and with the business community there?

15 A I guess that's a logical assumption, but I don't
16 know exactly what you mean. The meeting that I attended
17 was, as I recall it, was not a very long meeting. They
18 were talking about the fact that they would like to be
19 working together, but the only thing that I really recall
20 is that afterwards General Secord told me they parted
21 directions, and I do remember this specifically because he
22 said Sam Bamieh wanted, their agreement that they wanted to

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marysimons 1 write, wanted essentially to take over STGI.

2 I don't recall any other specifics, but it would
3 have been logical to assume that if we talked about Saudi
4 Arabian stuff, if it was Saudi Arabian stuff associated
5 with the Saudi Air Force that, yes, I would have been part
6 of that conversation.

7 Q Was it your impression that you just happened to
8 be in California at the time of that meeting and it was a
9 coincidence, or were you brought out there specifically to
10 see Bamieh?

11 A No, no. I was in Los Angeles with my wife. We
12 were visiting our family, and General Secord asked me to
13 come up to San Jose from the Los Angeles area.

14 Q For this specific meeting with Bamieh?

15 A Yes, and I guess that it probably would be
16 logical to assume that since I knew Saudi Arabia that that
17 would be an asset that I would bring to the discussion and
18 the meeting.

19 Q Sure, here we are, we're looking at Saudi Arabia
20 and let's do business; is that pretty much the way it went?

21 A I'm sorry, say that again?

22 Q Would that be pretty much the logic of having

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arysimons 1 you there?

2 A Well, I'm not exactly sure of that. The logic
3 of me being there is that with me being there with General
4 Secord it would strengthen General Secord's credibility
5 about being able to carry arguments with the Saudi Air
6 Force.

7 Q Other than the steel shelter project, you don't
8 recall any other specific projects that they wanted to do
9 in Saudi Arabia?

10 A I know that in general terms before I worked
11 with them that General Secord was interested in doing
12 security systems projects as well, perimeter security
13 systems, but I don't recall whether that was discussed at
14 that meeting or not. I never worked with General Secord on
15 security system projects.

16 The reason I remember it is when they took me
17 through STTGI they talked to me about some of the projects
18 that they had done elsewhere, and they were perimeter
19 security kind of systems, but I don't recall whether we
20 discussed that at that meeting or not.

21 MR. FAULKNER: Can we pin down that date of that
22 meeting a little bit better?

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Marysimons 1

BY MR. HOLMES:

2 Q I wonder if we could pin down the date of that
3 meeting a little bit better. We were talking about a trip
4 that you took with your family. That's going to have to
5 create some memory in your personal finances or whatever.

6 A Well, I guess if I could take a look at the
7 calendar.

8 MR. HOLMES: Absolutely. Take your time. In
9 fact, we can go off the record while you do that.

10 (Discussion off the record.)

11 MR. HOLMES: Let's go back on the record.

12 BY MR. HOLMES:

13 Q Mr. Lilac, since what you've just said was not
14 on the record, I would like to kind of go over it and
15 summarize it.

16 You've had an opportunity to look at these
17 calendars; is that right?

18 A Yes.

19 MR. HOLMES: Since we're going to discuss them
20 on the record, maybe we should make them part of the
21 record.

22 (Discussion off the record.)

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rmysimons 1

MR. HOLMES: Let's call this Exhibit No. 4, it
being a calendar of the year 1984.

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(Lilac Deposition Exhibit

No. 4 was marked for identi-

fication and submitted for

the record.)

BY MR. HOLMES:

Q Now, Mr. Lilac, having referred to Exhibit No.

4, you have located in it a notation that you were in Los
Angeles in early January of 1984; is that right?

A That's correct.

Q And would that have been, to the best of your
recollection, the trip to Los Angeles from which you joined
Secord and Hakim in the Bay area?

A That's correct.

Q After that meeting with Mr. Bamieh did you have
occasion to speak with him again?

A Yes, I saw Mr. Bamieh one other time in his
office in Rosslyn and again, according to my calendar, I
have a notation that I meant, or at least I had an
appointment with him, and I know I did meet with him on --
my appointment says it was on the 17th of January. I did

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1 arysimons 1 meet with him in his office. I'm not exactly sure if we
2 2 actually made that meeting or not, but I did meet with him
3 3 once in his office in Rosslyn.

4 Q And that for sure was after the time that you
5 5 first met him in San Mateo?

6 A To the best of my recollection, it was, because
7 7 as I recall, I met Mr. Bamieh in San Mateo and not here.

8 Q What was the conversation you had with Mr.
9 9 Bamieh here in the Washington area approximately on the
10 10 17th of January '84?

11 A What I can recall of it was that Mr. Bamieh
12 12 knowing that I had a lot of experience in Saudi Arabia and
13 13 was very well thought of by the Saudis [REDACTED]
14 14 [REDACTED] he thought that I might be able to provide some
15 15 assistance to him. To the best of my recollection, right
16 16 then I don't know exactly I told him about my other
17 17 activities and things I was doing, but I told him that I
18 18 didn't think I would be able to do that.

19 Q Did he provide any specific projects or ideas
20 20 that he thought you might be of use?

21 A No, he did not.

22 Q Have you ever spoken to Mr. Bamieh since that

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Crysmons 1 time?

2 A No, I haven't. No, I don't believe I have ever
3 spoken to him since that time.

4 Q Have you ever spoken to Mr. Secord or Mr. Hakim
5 about Mr. Bamieh since the post-meeting discussion that
6 you've told us about?

7 A Again, to the best of my recollection, the only
8 time I ever talked to him after Mr. Secord told me that he
9 and Sam could not come to an agreement, the only time it's
10 popped up since that time is when there has been a story in
11 the newspaper about Mr. Bamieh and General Secord, and even
12 one of those stories had my name in it. We talked about
13 that.

14 Q You and General Secord did?

15 A General Secord and I talked about it.

16 Q About when did that conversation take place?
17 Was it contemporaneous with the time when Mr. Bamieh hit
18 the press?

19 A Yes, it was. It was associated with that and it
20 was essentially after one or two of those stories came out
21 in which Mr. Bamieh's name was in the paper and General
22 Secord's and then at least on one occasion and maybe more

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rysims 1 in which my name was also mentioned associated with that.

2 Q Do you recall where the conversation took place
3 recapping those news stories?

4 A No, I don't, but most likely it was on the
5 telephone.

6 Q And what was the conversation?

7 A Only that he wondered, General Secord was
8 wondering where Sam was coming from. He thought that he
9 was a little bit crazy because he was saying [REDACTED]
10 [REDACTED] had solicited Sam to help General Secord in projects
11 when, to the best of my recollection, it went the other
12 direction. General Secord asked [REDACTED] if Sam
13 Bamieh was a reasonable enough guy to do business with in
14 Saudi Arabia, and General Secord said that what he knew of
15 Sam Bamieh was that he was a reasonable businessman.

16 So he encouraged them to talk to each other, but
17 then he reported back later that they couldn't come to an
18 agreement so they parted ways.

19 Q So you had some understanding that it was Secord
20 who approached [REDACTED]

21 [REDACTED]
22 A That's correct, about Sam Bamieh, just getting a

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Crysimons 1

check on the kind of businessman Sam Bamieh was.

2

Q What was your source of information on that?

3

Was that from Secord, [REDACTED] or from both?

4

A Since it has come out in the newspapers, I know

5

that we've both talked about it. So, to the best of my

6

recollection, I would have to say that it probably was

7

both.

8

Q All right. So you've talked to both Secord and

9

[REDACTED] about how Secord, [REDACTED] Bamieh together?

10

A Yes, sir.

11

Q Taking Secord first, and for the sake of brevity

12

let's lump any multiple conversations together, what's his

13

version of how that happened speaking to you?

14

A Speaking to [REDACTED]?

15

Q No, no. What is Secord's version to you about

16

how he, [REDACTED] Bamieh got together?

17

A Oh. Secord's version is that he -- I don't know

18

how Secord met Sam Bamieh. Secord says that [REDACTED]

19

did not introduce him to him. But after he was approaching

20

and was in discussions with Sam Bamieh about agreements on

21

whether they could or couldn't do business together in

22

Saudi Arabia, General Secord asked, and I think he may have

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rysims 1 even asked through me [REDACTED] what he
2 thought of Sam Bamieh.

3 I don't know whether that conversation was
4 between Secord [REDACTED] or between me [REDACTED] about
5 Bamieh, but the message was that Secord wanted to get a
6 check on Sam Bamieh as a potential business partner, and
7 [REDACTED] message back to Secord was that Sam is an
8 okay guy to do business with.

9 Q So this would have occurred prior to the Los
10 Angeles trip at this point in time?

11 A No. This happened after the Los Angeles trip.
12 We had no conversations, to the best of my knowledge,
13 before the Los Angeles trip about Bamieh because I don't
14 think I knew Bamieh before that and I think that's when the
15 subject came up. So it would have been in the January '84
16 time frame in which most of those conversations, whatever
17 conversations there were, would have taken place.

18 I don't know how long it was before Secord and
19 Bamieh parted ways.

20 Q So this Secord meeting with Bamieh, the original
21 first meeting of Secord and Bamieh is something that you
22 didn't know anything about until you got the call in Los

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1 A Angels^e to come on to San Mateo and meet this guy that we
2 want you to meet?

3 A Yes, that's correct.

4 Q Now the same ---

5 A Let me clarify something. That's the first
6 meeting and the only meeting that I had with Secord and
7 Bamieh. I don't know if they met before that or not.

8 Q I understand, and that much you weren't a party
9 to.

10 A No.

11 Q Now as [REDACTED] what has he told you
12 about his first dealings with Secord on the Bamieh subject?

13 A [REDACTED] and I have talked about it, he
14 recalls it the same way, that Secord wanted to check on Sam
15 Bamieh about potentially doing business with him in Saudi
16 Arabia and that he recalls that he said to Secord, yes, to
17 the best of his knowledge, Sam Bamieh was a reasonable
18 businessman to work with in Saudi Arabia.

19 Q Did you talk [REDACTED] about the factual
20 accuracy of what was reported in the press about Bamieh or
21 by Bamieh?

22 A We talked once or twice about the stories that

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1 Crysimons were in the press about Sam Bamieh and, to the best of my
2 recollection [REDACTED] thought that a lot of those
3 stories were inaccurate, that they were filled with
4 inaccuracies, especially when it came down to the
5 connection, specifically the connection where it had
6 Secord's name in it, of Secord [REDACTED] asking
7 Bamieh to work with Secord. He said it was not that way,
8 that it was the other way. So it would have been in that
9 context that it was inaccurate. To the best of my
10 recollection on the entire story, he thought it was fraught
11 with inaccuracies. There were various stories though that
12 were in the paper about Bamieh.

13 Q Not all of which were consistent among
14 themselves.

15 A That is correct.

16 Q Are you familiar with a company by the name of
17 ADG, Arab Development Group?

18 A No, it doesn't sound familiar to me.

19 Q Are you familiar with any network of consultants
20 that Mr. Hakim is involved with other than STTGI?

21 A No.

22 Q When was your earliest association with Albert

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Crysmons 1

Hakim?

2 A To the best of my recollection, I met him on
3 that trip to San Jose that I referred to before in early
4 1984.

5 Q Had you ever heard of him before that time?

6 A No, I had not.

7 Q In your dealings in the Middle East you had
8 never heard of him before?

9 A No, I had not.

10 Q Do you know an individual named Gene Wheaton?

11 A I don't recall that name?

12 Q Have you at any time met a man named Frank

13 Turpil?

14 A No, I have not.

15 Q Do you know of him?

16 A Yes.

17 Q Do you know whether or not he has ever been
18 associated with Stanford Technology Corporation?

19 A I don't know.

20 Q If he had been, would that have been of
21 significance to you when you went to work with Hakim?

22 A Well, because of the notoriety with Frank Turpil

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rysmons 1 and his name, yes, I guess I probably would have asked
2 General Secord what was going on if I knew he was around.

3 Q From your dealings with Hakim in the STTGI
4 context -- well, let me ask this question first.

5 Have you had any dealings with Hakim other than
6 as a consultant in the Marwais projects with STTGI?

7 A No.

8 Q Have you ever discussed any potential business
9 relationships with him other than that? For example, I
10 would have included in this category the conversation with
11 Bamieh. Any other conversations with Hakim about any
12 business deal that didn't go through?

13 A No, I don't think so, but the question is a
14 little bit confusing.

15 Q Let me ask it again because I don't want to
16 leave you in the awkward position of answering that
17 question.

18 I want to know if you have had any discussions
19 with Hakim about any business opportunity, whether or not
20 the business opportunity ever came to fruition?

21 A Only shelters and shelter projects, and as a
22 part of the shelter project, and this included a

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1 conversation with General Secord, was that if the shelter
2 project came to fruition in Saudi Arabia they might put a
3 small steel fabrication facility in Saudi Arabia, but that
4 again was related to the shelter project. But beyond that,
5 I don't recall any other conversations on any other
6 business opportunities.

7 Q Now apart from conversations in which it was
8 contemplated that you might have had a role, I want to ask
9 you about conversations in which you simply heard about
10 business that Hakim was involved in through any source.

11 Do you understand now what I'm getting at?

12 A Yes.

13 Q What knowledge do you have of Hakim's business
14 from any source?

15 A Apart from that, when I visited Abu Dhabi I knew
16 that he was interested in establishing a broader base of
17 his STGI capabilities in Abu Dhabi, but that was only
18 because we spent a day and a half at the hotel, and as a
19 part of that where we went to the office to work on the
20 briefing he was talking about just in general terms about
21 the fact that the people he was dealing with in Abu Dhabi
22 that he was looking for broadening his base in Abu Dhabi.

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1 Q He was there with you in Abu Dhabi?

2 A Yes. I went to Abu Dhabi and he was already
3 there as was General Secord.

4 Q Did you ever become privy to conversations about
5 any business he had in Korea?

6 A Not in specific terms. I was aware from the
7 visit I made to STGI in January '84 that they had done
8 perimeter defense systems and, as he related to me, they
9 did perimeter defense systems for nuclear power plants in
10 Korea.

11 Q Do you recall any conversations with him or
12 General Secord about business opportunities in relation to
13 weapons of any kind?

14 A To weapons? No.

15 Q The same question with regard to surveillance
16 devices of any kind?

17 A No. Only surveillance devices are associated
18 with those security systems. So those would be cameras
19 associated with perimeter systems, but not surveillance.
20 To the best of my recollection, no.

21 Q Have you ever met a man named Robinette?

22 A Robinette?

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Q Yes.

2 A No, I don't think I've met Robinette. Robinette
3 is familiar. There is a gentleman by the name of Glen
4 Robinette, I think it is, whose name I've heard, but I
5 don't think I've ever met him.

6 Q What was your understanding of his relationship
7 with STTGI, if any?

8 A I think that I heard his name from General
9 Secord, but I don't know the nature of his relationship
10 with STTGI.

11 MR. HOLMES: I want to change the topic of
12 conversation to a Maule aircraft.

13 MR. GALE: Pardon me -- off the record.

14 (Short recess taken.)

15 (Lilac Deposition Exhibits
16 Nos. 5 through 10 inclusive
17 were marked for identifi-
18 cation and submitted for
19 the record.)

20 MR. HOLMES: Back on the record.

21 BY MR. HOLMES: (Resuming.)

22 Q Mr. Lilac, I'm handing you Exhibit No. 5, a

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1 Crysmons 1 check for \$2,500 on your personal account to Maule Air,
2 Inc., dated 26 June 1984. Do you recognize your signature
3 on that?

4 A Yes, that's my signature on my check.

5 Q How did you come to write this check?

6 A There was myself and four other gentlemen who
7 decided to buy an airplane and we went to -- I think three
8 of us went down to Maule Aircraft in Moultrie, Georgia in
9 which we placed the order for the aircraft, and the \$2,500
10 check was down payment on the order.

11 As it turned out, I was the only one of the
12 three of us that had a check with me and I wrote the check
13 for it to be reimbursed by the group that was buying the
14 airplane later on.

15 Q Who was it that was down in Moultrie?

16 A General Secord and I believe Keith Phillips was
17 with us as well.

18 Q So the search party was you, Phillips and
19 Secord?

20 A We were the ones that actually made the trip
21 down to the airplane. We had decided before that that
22 there were five of us who wanted to go in on buying the

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airplane.

2 Q Who were the other two?

3 A In addition to those two, there was David Burney
4 and Karl Kaufmann.5 O Now this is a check for \$2,500. Had there been
6 a deposit into your account at any time shortly before this
7 check in order to assure that it would clear?8 A No. I think I just wrote the check on my
9 account knowing that I had enough money in there to cover
10 it. There was no deposit made specifically to cover that
11 particular check for the down payment on the airplane.12 O This is a down payment on an airplane that was
13 at that time going to cost \$77,500; is that right?14 A Our purchase price on the airplane was just a
15 little over \$60,000.16 O Did you have a sticker price of \$77,000 and then
17 it got knocked down at a later date?18 A No. At that time when we bought the airplane,
19 we bought the airplane for \$60,000. It's kind of like
20 buying a car. There was a list price and we negotiated a
21 price and we got a little bit knocked off the sticker
22 price, but our base price on the airplane was a little over**UNCLASSIFIED**

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M. J. Simons 1 \$60,000.

2 Q So you know when you went in that it was going
3 to be a \$60,000 plane?

4 A Yes, I did.

5 Q The higher price was just the asking price?

6 A That's correct.

7 Q I'm showing you what has been marked as Exhibit
8 6. Do you recognize that document?

9 A Yes. This is a promissory from the National
10 Bank of Washington which the the four of us took out a note
11 for \$60,000 to pay for the airplane.

12 Q Why is there only four of you on this note
13 instead of five?

14 A Well, we took it out as a personal note and the
15 four of us were here and Keith Phillips was in Saudi
16 Arabia. So he wasn't available and he was just going to
17 pay for it. The four of us that were local that had local
18 credit and could get a note here, we just made that
19 decision that the four of us would take out the note.

20 Q I notice on this note that it's a \$60,000 loan
21 at one percent over the prime; is that right?

22 A That's correct.

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Marysimons 1

Q And there is no collateral; is that right?

2

A That's correct.

3

Q Were there any representations made to the bank

4

in order to assure them of repayment of this note, for

5

example, a pledge of a balance in an an account or a pledge

6

of any other documentary thing of value or anything like

7

that?

8

A No. To the best of my knowledge, there was

9

none. We called up the banker that we had been dealing

10

with and Mr. Burney and I had our accounts in the National

11

Bank of Washington, and based on the fact that we were good

12

customers they gave us basically an unsecured note for

13

\$60,000.

14

Q Did they know that the purpose of the note was

15

to purchase an airplane?

16

A Yes. We told them that.

17

Q And they didn't insist on taking a security

18

interest in the plane?

19

A No.

20

Q What was the balance that you and David Burney

21

had in your accounts at that time?

22

A I don't recall. I would have to check my bank

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Marysimons 1

account to find out.

2

O It was not \$60,000 or more?

3

A Oh, I think it was because both of us had our

4

business accounts and our checking accounts in the bank and

5

I believe that there was more than \$60,000 in those

6

accounts.

7

O Was that an unusually high balance for a bank

8

account for you?

9

A No. No, it was not. Again, I would have to

10

check how much I had in my account, but we also had, as a

11

part of our corporation, we have a retirement plan. We had

12

our retirement accounts with NBW as well. So that was not

13

an abnormal amount and the discussion of it being an

14

unsecured note was never a major issue. We called up the

15

gentleman at the bank and we didn't have any trouble

16

getting the note.

17

O Now when this \$60,000 was loaned to you, you

18

caused a wire transfer to be made to Maule?

19

A That's correct. I don't recall if I did it or

20

if one of the other gentlemen did it, but we did do a wire

21

transfer down to Maule.

22

O And when they received the wire transfer that

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1 brought their balance to an amount over the purchase price;
2 is that right, and you got a check back for a refund?

3 A Yes, I guess I did. I don't recall that, but
4 now that you show me that I think that I did get the
5 payment above the deposit because the note that we sent
6 down just covered the total price of the airplane and I
7 didn't recall it until this moment that I had received a
8 check back of the amount over.

9 Q Does this refresh your recollection on this, and
10 for the record this is Exhibit No. 7.

11 A Yes, that's correct.

12 Q And that is a Maule Air, Inc. check for
13 \$2,424.95?

14 A That's what refreshes my memory, yes, sir.

15 Q Now at the time you took title to the aircraft
16 it was in the name of Lilac and Associates, Inc., is that
17 right?

18 A Yes, but that was in error.

19 Q I'm showing you Exhibit No. 8. This is a copy
20 of the Articles of Incorporation of an Corporation named
21 American Marketing and Consulting, Inc.; is that right?

22 A That's correct.

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2 O Now American Marketing and Consulting, Inc. was
3 incorporated by Karl Kaufmann and it's resident agent was
4 Elicia Wagner; is that right?

5 A Yes, that's correct.

6 O Elicia Wagner was one of Karl Kaufmann's
7 employees at his car business?

8 A Yes. To the best of my recollection she worked
9 for Karl.

10 O What was your understanding at the time that
11 this corporation was incorporated as to the purpose and the
12 function of this corporation?

13 A To the best of my understanding, the corporation
14 was formed to have a limited liability. We formed the
15 corporation to put the aircraft in the name of the
16 corporation and that was the sole function of the
17 corporation.

18 O Now the corporation was incorporated on the 3rd
19 of January 1985, some five months after the purchase of the
20 aircraft; is that right?

21 A That's correct.

22 O Why was it that there was a five-month delay?

 A Slow paperwork is the only answer that I can

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Marysimons 1

2 give for it. We talked about that, that it should have
3 been done before and if we ever had any problems with the
4 liability on it, it could have been a problem for the
5 airplane, and it just took them that amount of time to get
6 around to doing it because we had a meeting in which we
7 talked about the slowness of the paperwork and getting the
8 paperwork done for the airplane.

9 Q Why was only Karl Kaufmann's name of the people
10 on the note on the corporate papers?

11 A I don't recall. I think it was simply because
12 Karl had somebody that could draw up articles of
13 incorporation and could do it. It was a very loose knit
14 corporation. As I said, it was just strictly to put the
15 airplane in and limit the liability on the airplane.

16 Q Was there ever a sale of the airplane from Lilac
17 Associates, Inc. to American Marketing and Consulting,
18 Inc.?

19 A To my knowledge, there was never a need to have
20 a sale of the airplane to Lilac because Lilac Associates
21 never really owned the airplane. Lilac Associates just
22 filled in the deposit on the airplane and from day one it
was to go into this corporation that we were forming for

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Marysimons 1

the airplane.

2 Q Is that sort of a long "no" that there was never
3 a sale?

4 A Well, there was never a sale because we never
5 thought that there needed to be a sale. I don't think I
6 ever owned the airplane.

7 Q Meaning you as Lilac Associates.

8 A Yes, as the President and principal owner of
9 Lilac Associates.

10 Q I guess you never owned it at all, did you,
11 because you are not in any part of American Marketing and
12 Consulting, Inc. either?

13 A Well, I'm not a part of it in that I didn't sign
14 the Articles of Incorporation, no, but the five ---

15 Q Your are not an officer or a director or an
16 employee or anything else either, or are you?

17 A Well, American Marketing and Consulting, to the
18 best of my knowledge, doesn't exist any more. It bought
19 the airplane, registered the airplane in its name and then
20 did nothing else, and when the airplane went away then the
21 corporation went away.

22 We didn't really have time to sit down and form,

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Mr. Rysimons 1

you know, to have minutes of board meetings. We loosely signed, and I think we designated sort of by verbal consent that there were officers in the corporation and, to the best of my recollection, I was voted by the people that formed the corporation as a vice president of the corporation.

MR. GALE: About 90 percent of all closed corporations operate that way.

BY MR. HOLMES:

Q. In any event, Mr. Lilac, the way you accomplished the registration of the aircraft was Exhibit No. 9, a letter to Maule; is that right?

A That is correct.

Q And that was just telling them that they should reregister it in the name of American Marketing and Consulting, the Secretary of which is Karl Kaufmann and the President of which is Keith Phillips, right?

A That's correct.

A clarification on this though. The paperwork on the registration was filled out at Lilac Associates. It was never signed. So the aircraft therefore was never registered with the FAA, to the best of my knowledge, with

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marysimons 1 Lilac Associates. They clarified it with this letter, and
2 then we signed that registration form that then became a
3 bona fide registration with the FAA with the aircraft in
4 the name of American Marketing and Consulting.

5 Q All right. To complete this series of exhibits,
6 Exhibit No. 10 is the Maule invoice on that same plane; is
7 that right?

8 A Yes, that's correct, but I haven't seen this
9 invoice -- I don't recall seeing this invoice before.

10 Q All right. How did the plane in your words go
11 away?

12 A We flew the airplane from the time we got it
13 until 1984, or from 1984. For several months the group of
14 us flew the airplane, that is everybody that owned the
15 airplane, except for David Burney. He didn't have his
16 license and he was pretty busy and he never even got to see
17 the airplane, to the best of my knowledge.

18 Q Did he ever put any money into the deal?

19 A David?

20 Q Right?

21 A I think David put in \$2,000 at the front end,
22 but I don't think he put in any more money.

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Macy Simons 1

Q Did he ever get that back or did he just lose it?

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A No, he lost that as a part of the investment.

We were hoping that he was going to fly. After David decided that he was busy and wasn't able to fly, I don't think that Mr. Burney put any more money into it. He decided that since he wasn't going to fly that we put the rest of the money, that we pay off or continue to pick up the payments on the note. That's to the best of my recollection.

Q Who actually paid on the note?

A In addition to that initial, Karl Kaufmann, Keith Phillips, John Dixie and myself.

Q Did you divide it into equal quarters and pay it that way by personal checks or how?

A Oh, no. As American Marketing and Consulting we took out an account at the National Bank of Washington. We had an account and we paid -- in all cases General Secord kept the financial records on it. We paid General Secord and he paid the payments that we paid. I don't recall the exact numbers. We paid a couple of payments.

After flying the airplane for four or five

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Burnysimons 1

months, I had trouble handling the airplane one time and
 2 dinged the prop on it. I sort of lost a little bit of
 3 interest in it and Keith Phillips was in Saudi Arabia.
 4 General Secord felt that the airplane wasn't suiting his
 5 needs to fly from point "A" to point "B" and just wasn't
 6 fast enough. So we decided that we would sell the
 7 airplane.

8 We put an ad in the paper ---

9 Q Let me slow you down just a little bit.

10 A Sure.

11 Q It was your understanding that each of you with
 12 the exception of Burney was paying a prorata share or was
 13 it based on air time?

14 A It was going to be a prorata share.

15 Q One quarter each after Burney dropped out?

16 A Well, it was one quarter minus the amount that
 17 Dave Burney paid, and I think he only paid the \$2,000. He
 18 may have made one other payment after that.

19 Q All right, but you for yourself paid your
 20 quarter ---

21 A I paid my share of whatever was left.

22 Q Each time one of these quarterly payments of

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1 \$3,000 plus interest came due you would kick in to Secord
2 or to the bank?

3 A I don't think we sent anything to the bank. I
4 think we had the account set up for American Marketing and
5 Consulting at that time, and I think we paid it through
6 American Marketing and Consulting.

7 Q And Secord had that account?

8 A Yes, Secord had the paperwork on that account.

9 Q Did you ever discuss with Secord the receipt by
10 American Marketing and Consulting of Wire transfers from a
11 Swiss bank?

12 A No, I did not.

13 Q Would it be fair to say from your expression
14 that that surprises you if that did occur?

15 A Yes, it surprises me. The only wire transfer
16 that I'm aware of that was made to this bank account was
17 the wire transfer when General Secord sold the airplane and
18 a wire transfer was made to pay the remainder of the note
19 off which was about \$49,000.

20 Q Okay. Let me put that to the side right now.

21 Are you aware from any source, Secord or
22 anybody, of any wire transfers to the American Marketing

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marysimons 1

and Consulting account from any other source other than
this one that you've just mentioned?

2

3

A Other than that one, no, I'm not.

4

5

Q You've spoken with Secord about how the sale of
the plane was eventually done?

6

7

A Yes, in general terms.

8

9

Q And he discussed with you the fact that there
was \$48,000 plus interest left on the note and that that
was what the four of you were going to get was the note
paid off?

10

11

12

13

14

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22

A That's correct, it evolved to that point. We
had the airplane listed for a higher amount and we were all
seeking to try to sell it just by word of mouth. We
actually put an advertisement in a trade-a-plane newspaper
to see if it could be sold and we didn't get any serious
takers on the advertisement. So we just said well let's
keep trying to sell it, and a couple of people called us
that wanted to trade it. Basically we just wanted to get
rid of the airplane.

General Secord had called up one time and said,
hey, I think ~~we~~ found a buyer, but I think all I could
get for it is what we've got left on the note, and we all

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Marysimons 1 just said fine, go ahead and sell it.

2 Q Just to pay off the note and let go of the
3 plane?

4 A That's right, which meant the note was about
5 \$48,000 and we paid \$60,000. So on the airplane itself we
6 lost about \$12,000, plus insurance. Of course, we got the
7 use of the airplane.

8 Q You referred to a wire transfer that accounted
9 for that \$48,000 plus interest.

10 A Yes.

11 Q What did Second tell you about that?

12 A He just said that the note would be paid off by
13 wire transfer. We had a couple of conversations about when
14 that was going to happen because, to the best of my
15 recollection, we had another interest payment coming due
16 and we wanted to pay the note before we had to kick in. So
17 we wanted the note paid off. Then he called me up.

18 As a matter of fact, since it was my bank that
19 he was dealing with, I called my bank and asked when it got
20 paid off, I asked for a copy of the note, and the copy that
21 you showed me as an exhibit does have the paid stamp on it.

22 Q And that is dated August 30th, 1985?

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M. C. Simmons 1

A In August of 85, yes, sir.

2 O Now you had put the plane up for sale for just
3 over \$77,000; is that right?

4 A We put an ad in the paper saying that the
5 airplane's list price was \$77,000. We actually put the
6 airplane up for sale, to the best of my recollection, for
7 \$59,900, which is basically \$60,000. What we wanted to get
8 out of it was what we had put into the airplane. We never
9 did put it up -- I don't think that we ever put it up for
10 sale for \$77,000.

11 Q Did you ever discuss with Secord who purchased
12 the airplane?

13 A No. No, I did not. He said that he had sold it
14 and that he was working with Raymond Maule to arrange
15 delivery of the airplane but, no, we never discussed
16 specifically who he sold it to.

17 Q But the plane was at Raymond Maule's place at
18 that time when it was getting sold?

19 A I think that General Secord took it down there.
20 Subsequent to that time in one of the discussions I've had
21 with one of the committees they told me that it was sold to
22 a company called NRAF and asked me if I knew that company.

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D. C. Rysimons 1

I hadn't except for seeing it in a newspaper story sometime subsequent to the sale of the airplane.

2

3 Q Didn't you have a conversation with David Burney
4 after the news came out that the plane had gone to the
5 contras? Did he call you up and ask you if you knew
6 anything about that?

7

A Well, I think we probably had several
8 conversations about that, yes.

9

Q Did you have a conversation with General Secord
10 after Burney had called to ask you? Did you call Secord
11 and say, hey, what's up, Dick, and where did this plane go?

12

A I don't recall that I did. To the best of my
13 knowledge, I didn't in response to a conversation with
14 Dave.

15

Q Did you ever confirm to Burney that in fact you
16 had checked into it and found out that the plane had been
17 sold to the contras?

18

A No. The only thing that I recall telling David
19 was that General Secord had sold the airplane and, yes,
20 that Raymond Maule had delivered it out of the country into
21 Central America, but I don't think we ever discussed
22 specifically that it had gone to the contras.

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marysimons 1

Q Did you ever talk to Keith Phillips about his
2 delivery of another Maule airplane [REDACTED]

3 A What, Keith Phillips' delivery of another Maule
4 airplane?

5 Q Right.

6 A No. I don't know that Keith Phillips delivered
7 another airplane, but I did talk to Keith Phillips about
8 another airplane because there were stories of about three
9 or four more airplanes being sold and being delivered. I
10 was not involved in them in any way.

11 I did ask Keith about them and had he heard that
12 the same company that had bought our airplane was buying a
13 couple or three more airplanes from Maule Aircraft.

14 Q This being MRAP?

15 A Well, subsequently I was told that MRAP bought
16 our airplane. So I assumed that it would have been the
17 same company, yes.

18 Q You've never spoken with Phillips about a trip
19 that he took [REDACTED] in a Maule?

20 A That Phillips took [REDACTED]

21 Q Right.

22 A No. The only person that I thought was Raymond

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marysimons 1

Maule who delivered the airplane in Central America, and I don't know where he delivered it to, but I didn't know that Keith Phillips -- there are surprises all over the place. I know Keith very well, and I would be surprised if he made a trip like that and I didn't know.

Q Who used the airplane while it was in the United States.

A While we owned this airplane?

Q Right.

A Well, I used it, Secord used it, Kaufmann used it and Keith Phillips used it.

Q Who besides the four of you were in the airplane at the time that it was being it was being used?

A Flying it, Raymond Maule flew with me checking me out a couple of times, General Secord, my wife, a couple of my kids, and I don't know who else, General Secord may have flown in the airplane.

One time General Secord and I flew it here locally and we flew a friend of ours from Saudi Arabia from one field to another here inside the Washington area. He name [REDACTED] but that was just one flight. Other than that I don't recall anybody else that flew in the

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87

M. J. C. S. 1

airplane.

2 O It's a two-place plane, isn't it?

3 A No, it's essentially a four-place. It's not too
4 dissimilar from a Cessna 172, a small airplane, but there
5 is a small jump seat behind where the passengers sit where
6 you could put -- theoretically you could put two kids.
7 I've never had more than five people in the airplane, but
8 it's weight limited when you do that and you can't put full
9 fuel in it when you try to use that extra jump seat. You
10 could fly four people reasonably comfortably.

11 O Was there a log book that would have recorded
12 the flights and who was present?

13 A We had a log book in the airplane that I don't
14 have. Each pilot keeps their own log book and normally
15 keeps track of their own flying. I had my own. There was
16 a log book in the airplane that we kept with the airplane
17 just to keep track of how flying it did and the maintenance
18 or fuel that people put in the airplane, but those log
19 books would not indicate who flew in the airplane. It's
20 not a requirement and not normally done.

21 O I notice in the documents that you produced to
22 the House that there was a sheet that appeared to

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1 memorialize all of the hours that each of you had flown in
2 it.

3 A Yes.

4 (Lilac Deposition Exhibit
5 No. 11 was marked for identi-
6 fication and submitted for
7 the record.)

8 BY MR. HOLMES:

9 Q And there are several lengthy trips noted out on
10 that sheet. Do you have any knowledge of where those trips
11 were taken and for what purpose? I'm showing you what has
12 been marked as Exhibit No. 11.

13 A Yes. This is a handwritten accounting that I
14 did, it's in my handwriting of the flying hours on the
15 airplane. I would know by cross-checking specifically
16 against my log book where I flew the airplane to. In some
17 cases these are composites of flying hours because the
18 airplane doesn't -- for instance there is a log here of
19 13.3, and the airplane doesn't fly 13.3 hours. It only
20 flies about -- well, I remember flying it a little over
21 five hours one time, 5.7, something in that range. So it
22 doesn't fly too long. But I would know where the aircraft

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1 flew for me when I was flying it, and the airplane flies at
2 about 120 to 125 knots.

3 To the best of my knowledge, all of these
4 flights are either in the local area or such places I went
5 to, Atlanta, Georgia where my daughter was going through
6 training, the Atlanta area. So I flew it on a fairly long --
7 out and back from here from here down to Georgia and back.

8 Q Where did you get these figures from? Are these
9 from a log book?

10 A These are from the log book on the airplane;
11 that's correct.

12 Q Where is the log book now?

13 A I don't know the answer to that. It was with
14 the airplane and that is where it was kept. It was always
15 kept in the airplane. Pilots keep their own personal log
16 book which I had mine back at home.

17 Q Do you have any knowledge from discussions with
18 any of these people or any other source who they may have
19 been carrying around in that airplane?

20 A Yes, in a couple of instances with Keith
21 Phillips, his son and his wife flew in the airplane.
22 General Secord, a couple of times I flew with him locally.

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marysimons 1 I flew with Karl Kaufmann once or twice, but beyond that I
2 couldn't specifically say who was in the airplane when they
3 flew it.

4 Q Was the airplane ever used for entertaining
5 businessmen or quasi-commercial reasons like that?

6 A Well, I think it was used for a business trip.
7 that was one of the purposes we bought the airplane. Karl
8 Kaufmann, who happens to be a car dealer, told me he flew
9 the airplane a couple of times to a car show. Secord flew
10 the airplane a couple of times down to Florida where he
11 said he had to go down to give a talk. So it went down and
12 back there. In my case I don't think I flew in a business
13 purpose on any of those.



22 Q And since your retirement you've sort of

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R. W. Rysimons 1

specialized in Saudi Arabian business opportunities?

2 A Oh, yes, even before my retirement when I worked
3 in the Pentagon I was specialized in Saudi Arabia. Since
4 my retirement I've formed a consulting business and I
5 consult with several major U.S. firms in focusing on Saudi
6 Arabia and the Middle East.

7 Q Did you ever consult with anybody in Saudi
8 Arabia in regard to an aircraft in the United States?

9 A Yes, I do consulting work with the Saudi Arabian
10 Embassy, and part of that effort in consulting with the
11 Saudi Embassy has been in conjunction with aircraft that
12 the Saudi Government has had in the States and doing
13 modification work on them, yes.

14 Q Did any of those deals have anything to do with
15 Mr. Bamieh?

16 A No.

17 Q Were you connected in any way with Mr. Phillips'
18 current employment at Litton?

19 A With his employment at Litton?

20 Q Right.

21 A When they hired him I made a recommendation that
22 he would be a person to hire. They asked me about him.

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M. J. Simmons 1

Q Are you a registered agent?

2 A For Saudi Arabia?

3 Q Yes.

4 A No.

5 Q Why is that? I'm not familiar with those
6 regulations. Is there some reason for that?7 A My work for the Saudi Arabian Government is
8 primarily in the aviation and communications areas, and by
9 the rules and on the advice of my corporate counsel here I
10 didn't think it was necessary. I didn't think it was
11 necessary at the time, and I looked at it recently and they
12 said we think that your decision was right.13 Q You were first familiar with -- well, perhaps I
14 should ask you when you first became familiar with the
15 contra issues?16 A I don't recall -- when I was working at the
17 White House on the 150 account I don't recall the contras
18 being a topic that came into my realm of responsibilities.
19 I never really bounced up against the contras.20 I would say El Salvador and the rebel situation
21 in El Salvador was the only real thing we focused on in my
22 area while I was at the White House. I would say it was

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marysimons 1 much after I left then the subject became much more
2 publicly known.

3 Q Perhaps we could broaden the subject matter to
4 anti-communist concerns in Central America. Would that
5 make you feel comfortable about ---

6 A Well, I guess that then it would back me up into
7 the time from the time I came to the White House, when I
8 started working the 150 account and we were concerned about
9 rebels in El Salvador and supporting the government in El
10 Salvador.

11 So the portions of that worldwide budget that I
12 dealt with that had to deal with El Salvador, I would
13 attend meetings in the budget process and the interagency
14 process and either would attend with another regional
15 expert from the NSC or if there were some issues that I
16 thought were germane I would come back to the NSC from a
17 general meeting and I would go and talk to the regional
18 guys and focus in on what I thought might be an issue that
19 they ought to be aware of or be involved in.

20 Q Did there come a time when you were in contact
21 with Bud McFarlane over these general concerns?

22 A Not with Bud McFarlane, no. Mostly, if you're

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1 talking again about communist efforts in Central America it
2 would have been the regional guys, and by the regional
3 guys, Roger Fontaine and Ollie North.

4 Q Did you ever discuss anti-communist efforts in
5 Central America with Bud McFarlane?

6 A To the best of my knowledge, no.

7 Q Have you ever discussed with Bud McFarlane any
8 financial assistance to anti-communist efforts in Central
9 America?

10 A No.

11 Q Have you ever discussed with him any financial
12 assistance to any anti-communist efforts anywhere in the
13 world?

14 A No.

15 Q You mentioned Ollie North. When did you first
16 meet him? Is that when you first arrived at NSC?

17 A No. I met Ollie in 1981 during the debates on
18 the AWACS sale to Saudi Arabia.

19 Q And his involvement in that was through the NSC?

20 A That's correct. He was assigned to the NSC. I
21 was not assigned to the NSC at that time, but yes.

22 Q Have you ever discussed any financial assistance

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marysimons 1 to Central American anti-communist efforts with Ollie
2 North?

3 A Only as a part of the process when I was at the
4 NSC on the security assistance budget.

5 Q What were the concerns that you and he discussed
6 at that time?

7 A It's hard to recall specifics, but in general
8 terms it requires sort of a more detailed discussion of the
9 budget process. Basically Ollie was concerned that El
10 Salvador got their share of the piece of pie. Now there is
11 a pie that's the security assistance budget, the 150
12 Account around the world, and as other competing priorities
13 around the world get more attention and the Congress only
14 allows us to have a certain amount of money and they always
15 seem to squeeze it down, then everybody gets squeezed.

16 So Ollie was just concerned that his piece of
17 the pie could be as big as our priorities would allow it to
18 be.

19 Q Did you ever discuss with North or anybody else
20 a contingency plan for continuing aid ^{to} anti-communist causes
21 in Central America in the event that Congress squeezed the
22 Central American Budget too much?

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marysimons 1 A No, we did not. Are you talking about while I
2 was at the NSC or since that time or any time?
3 Q The question was any time.
4 A No.
5 Q Have you ever transported or possessed any
6 amount of cash over \$5,000?
7 A No.
8 Q Have you ever discussed any such activity as it
9 might have related to Oliver North?
10 A No.
11 Q You never talked about that subject with
12 anybody, moving cash?
13 A No.
14 Q Have you ever discussed the movement of cash
15 specifically to or from or between the United States and
16 Central America?
17 A No.
18 Q Have you ever discussed any Swiss bank accounts
19 with Oliver North?
20 A No.
21 Q Any other bank accounts other than in the United
22 States?

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marcysimons 1

A No.

2

O The same question with regard to Richard Secord.

3

A No.

4

O Albert Hakim.

5

A No.

6

O When Secord told you that there was going to be

7

a wire transfer to cover the \$48,000 plus left on the

8

Maule, did he tell you where it was coming from?

9

A No, he didn't. He just said that the company

10

that was buying it would be wire transferring to pay off

11

the account.

12

O He didn't tell you from what country or from

13

what bank account it was coming from?

14

A No, he did not.

15

O And you didn't ask him?

16

A No, I did not.

17

O Have you ever heard from any source about a

18

transfer of cash over \$5,000 to or from a public official

19

in the United States?

20

A No, I have not.

21

O Have you ever been with Secord and North at the

22

same time?

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Marysimons 1

A Yes.

2

O On how many occasions?

3

A Once. Well, more than that. That's not true.

4

Once since I left the White House, since I left the Air

5

Force. Before that I was probably with North and Second

6

perhaps during the AWACS debates on perhaps a couple of

7

occasions because we used to have group meetings in which

8

we were discussing briefings and things.

9

O The three of you were fairly heavily involved in

10

the AWACS project from different angles; is that fair to

11

say?

12

A From different angles, but Ollie North was

13

really a minor player. Ollie North and two other officers

14

assigned to the NSC were essentially what I called the

15

command post for scheduling. We had to give many briefings

16

and they may have gone into more than a hundred. Ollie

17

North and two other officers kept track of who we briefed,

18

what the feedback and what the follow-up actions were, but

19

Ollie was not -- he was not the primary point of contact

20

for us at the NSC.

21

O They were sort of your dispatchers and they

22

would send you here and there and make sure you got knew

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1 Marysimons 1 where you needed to be?

2 A In a way, yes. Ollie North might call my office
3 or me and say would you meet Dick Allen at Senator So and
4 So's office this afternoon at 4 o'clock for a briefing, but
5 that was in a much minor fashion.

6 As a matter of fact, I don't recall specifically
7 that Secord would have gotten to know Ollie North at that
8 session, but the odds are that in one of the general
9 meetings that we were at that Ollie and the other two
10 officers would have been there just reviewing what our next
11 actions were.

12 O So yours and Secord's were the major roles and
13 NSC's role was a smaller one?

14 A No. Secord and I, as were many other players,
15 were part of that process. General Secord as the Deputy
16 Assistant Secretary of Defense had higher responsibilities
17 than I did, but during the summer of 1981 we divided up
18 into basically three teams to ~~cover all~~ the requirements
19 that we had for briefings. I was the technical briefer
20 with one team and Secord was the technical briefer with
21 another team. ~~_____~~

22 The President had assigned Dick Allen to be the

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marysimons 1

senior point man on the AWACS issue and we all worked basically under his guidance. I attended briefings with Dick Allen and I also worked with other people from the State Department. So I wouldn't want to say that Second and I were major players, but we were in fact primary technical briefers for the entire effort.

Q Other than in relation to the AWACS project, while you were employed by the government you've only been with North and Second once?

A Yes, that's correct.

Q All right, and when and where did that occur?

A As I said, that was after I left the government. It was not while ---

Q That was my question, after you left the government.

A After I left the government, okay, yes, one time.

Q That's narrowed down to one and when was it?

A That was in early 1985, probably January or February, January probably.

Q Where did that occur?

A At the NSC, in Ollie North's office at the NSC.

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Marysimons 1

Q Who else was present?

2 A No one was present when we were having a chat.
3 It was more of a social kind of thing, but no one else was
4 present at that time. We went to the NSC. I was there for
5 two reasons. I was talking with another officer at the NSC
6 and Secord asked me to join he and Ollie North for a
7 discussion.

8 Q And who were you talking with?

9 A I was talking with Jim Stark.

10 Q What was that about just very briefly?

11 A I'm not sure. I think it was something
12 associated with -- well, I had spoken with Jim several
13 times and also Don Fortier. I get calls from them now and
14 then just asking me about things associated with what I had
15 done before, sort of OJT and new people, training new
16 people.

17 Q AWACS residual --

18 A Security assistance budget residual stuff
19 primarily and some AWACS residual stuff, yes.

20 Q What was the subject that Secord wanted you to
21 discuss with North and him?

22 A It was associated with Ollie's career pattern.

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marysimons 1

Ollie North was at that time being considered to be sent off to the Navy War College in Newport, and since I had left the NSC a year before and had gone from the NSC and the Air Force had wanted to send me off to another assignment and I didn't do that. I elected to retire.

2 Second thought that at my career pattern and
3 time in life I could provide some sort of informal
4 professional counseling to Ollie about the pros and cons of
5 him going off to a school that would take him out of the
6 Washington area when he was heavily involved in projects
7 that he thought were important for him to stay in
8 Washington.

9 Q And how did the discussion go when you joined
10 it?

11 A Well, in general terms it was that the Navy
12 wanted him to go off to War College and he was wondering,
13 in his own mind wondering whether it would hurt his career
14 if he attempt to resist that assignment and stay in
15 Washington and he talked about whether he really needed to
16 go on to further professional military education or whether
17 he could get into the National War College which would keep
18 him in the Washington area. Whether he could just say

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m. w. r. y. s. i. m. o. n. s. 1 that he didn't think he needed to go to the War College & f
2 all because when he finished his 20 years he was probably
3 going to retire anyway and maybe he didn't need to worry
4 about his career progression steps professionally.

5 He at that time was very heavily involved in
6 Central American efforts and thought that his presence in
7 the process was important and he didn't want to leave
8 something half undone.

9 Q Did he describe that involvement to you?

10 A No, he didn't really describe it. You know
11 about it in general terms because it was more in the papers
12 at that time, but he did give us, or at least he gave me,
13 which was news to me, a little bit of a briefing on the
14 situation, with the situation that the contras were finding
15 themselves in in Central America.

16 Q Particularly their financial straights?

17 A No, it was more their military situation and it
18 related to the financial support that they could get from
19 the United States, but it was more specific. Really the
20 pictures in his office, he had a bunch of photographs and
21 stuff of wounded contras, and I remember specifically the
22 story told to me about a Miami doctor that was giving up

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Marysimons 1 long weekends to go down and serve as a doctor in the
2 hospitals [REDACTED] when the rebels were brought back
3 wounded.

4 But it was basically sort of, like Ollie does
5 very well when he's going out and giving talks, as I
6 understand. It was sort of ginger and sympathy and Ollie
7 was very enthusiastic about his support and his need for
8 the United States' support for that. But the main purpose
9 of it was this professional discussion. We sat there and
10 chewed it over a little bit. We had a couple of beers, and
11 chatted about it and decided that Ollie would make an
12 attempt.

13 I gave him my advice that said I didn't think
14 that in the long run it would really hurt his professional
15 career if he did try to fight the system and avoid an
16 assignment to Newport.

17 Q Did you ever discuss with Ollie North at that
18 time or any other time [REDACTED]?

19 A No, I did not.

20 Q Did you ever discuss with Ollie North [REDACTED]

21 [REDACTED]
22 A With --

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Marysimons' 1

Q Did you ever discuss with Ollie North [REDACTED]

2 [REDACTED]

3

A No, I did not. Only in the past [REDACTED]

4 [REDACTED]

but never in

5

connection with financing or anything like that.

6

Q The same questions with relation to Bud

7

McFarlane. Did you ever talk with Bud McFarlane about [REDACTED]

8 [REDACTED]

9

A About [REDACTED] no. We

10

talked about [REDACTED] with Bud McFarlane in general terms

11

and things like [REDACTED] And

12

during my time at the NSC Bud McFarlane and other people on

13

the NSC staff because they knew I knew [REDACTED]

14

interested in, where' [REDACTED] do you know? It was

15

just sort of from a personal nature, but we never discussed

16

funding.

17

Q Did you ever discuss [REDACTED]

18 [REDACTED]

with McFarlane?

19

A No, I never did.

20

Q Now a long time ago we said we were going to get

21

back to this original approach that Secord made to you

22

about the contras and we're back there.

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RurySimons 1

A Okay.

2 Q Could you lay it out to me in as much detail as
3 you can recall, this original approach that Secord made?

4 A Well I think I stated it all before as much as I
5 recall about it.

6 Q We kind of crept into it, didn't we.

7 A Well, we did, but the specifics, to the best of
8 my recollection, Secord said that he wanted to talk to
9 [REDACTED] about whether it wouldn't be [REDACTED]

10

11 He prefaced that with saying that he wanted to see [REDACTED]

12

13 [REDACTED] Then we talked about what he wanted to see him
14 about, and then he told me that.

14

15 Then I took that and after some time, and I don't
16 remember exactly how much time, but it probably was within
17 a few days probably, probably the next time I saw [REDACTED]

17

18 [REDACTED] and mentioned [REDACTED] that General Secord
19 would like to see you.

19

20 What does he want to see me about? And I said
21 he would like to see if it wouldn't be in your best
22 interests to [REDACTED]

22

[REDACTED] told me in no uncertain terms that that

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Re: crysimons 1 was ridiculous and he wasn't interested in seeing him.

2 Q You placed that conversation in early '85?

3 A Yes.

4 Q And also the conversation with North and Secord

5 in North's office in early '85. Can you tell me which of

6 those took place first?

7 A I think the session with, the counseling session

8 as I call it, the professional counseling session with

9 Ollie I think took place before this conversation.

10 Q And can you tell me if you had any discussions

11 at all with [REDACTED]

12 [REDACTED] during that same general time period?

13 A If I had any?

14 Q Yes.

15 A No, I didn't.

16 Q Did you have any discussions with him while he

17 was here?

18 A No, I did not.

19 Q After he was here?

20 A No, I did not.

21 Q So your contact with him was limited during that

22 period to contact [REDACTED]?

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Murraysimons 1

2 A That's correct. The only time I [REDACTED]
 3 was at a dinner that he gave and I shook his hand going
 4 through a reception line.

4 Q Have you told us every conversation that you've
 5 had with Secord about contra aid, and I don't mean to ask a
 6 difficult question, I'm making a very broad question now,
 7 broader than just contra aid [REDACTED] I want to
 8 find out if you've talked to him about any form of contra
 9 aid in a conversation you haven't already talked about?

10 A No. Only that in the last several months since
 11 this Iran contra affair got started, I've had a couple of
 12 conversations with him [REDACTED] the telephone.

13 One I recall specifically was him calling up and
 14 saying, hey, I'm sorry your name got dragged into this
 15 thing with that dumb airplane that we owned which was the
 16 original tie that got my name tied to his and the
 17 situation. But we've had several conversations over the
 18 phone in general terms about how are you doing, but I've
 19 only seen him that one time that we talked about before.

20 Q In any of these phone conversations did he
 21 discuss or explain to you his involvement in aid to the
 22 contras in any way, financial, physical, military or

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marysimons 1 otherwise?

2 A Well, he spoke about it generally a couple of
3 times. When I asked him how he was doing, he said yes, he
4 says I've helped, and he says I helped because I was asked
5 to help and I haven't done anything illegal and he repeated
6 that several times to me, but generally that's the crux of
7 any conversation I've had with him has been along those
8 lines.

9 Q Let me ask you the same question with regard to
10 his involvement in the Iranian arms deals. Has he ever
11 explained to you anything about the facts of his
12 involvement?

13 A No.

14 Q Do you know or know of a person named Theodore
15 Shakley?

16 A Yes, I do know him.

17 Q How do you know him?

18 A I met him about -- well, sometime while I was in
19 the Air Force he was working with a company called KACI,
20 and I don't know what the acronym stands for, and it was
21 associated with some services that KACI was providing. I
22 don't recall if it was for Saudi Arabia or Egypt, but I met

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merysimons 1

him on one occasion.

2 Q What was the occasion?

3 A I don't recall exactly when it was. I think it
4 was while I was at the NSC but it might have been while I
5 was still with the Air Force. More than likely it was
6 while I was still at NSC if he was talking in general terms
7 about something that KACI might have been doing for Egypt,
8 but it was a short meeting and I only met him on one
9 occasion.

10 Q What was KACI doing?

11 A They were providing, let's see -- through
12 another gentlemen I know that they did some analytical
13 studies for Egypt, but beyond that I don't know.

14 Q You said through another gentleman or with
15 another gentleman?

16 A Yes. I said KACI, the only recollection I have
17 of what they do is that another gentleman that I knew who
18 worked with KACI, and they were doing analytical studies
19 for Egypt in the area of command and control.

20 Q Who is this other gentleman you know?

21 A ~~was related~~, but he's not related with Shakley.
22 I didn't meet him with Shakley. He doesn't even work with

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muryssimons 1

them any more. He doesn't work with KACI.

2 Q Have you ever spoken to Shakley since?

3 A No.

4 Q You've had no other dealings with him since?

5 A No.

6 Q Do you know of a person named Tom ^{Clines} ~~Clines~~?

7 A I've never met him. I've read his name

8 recently. But I don't know. I've never met the guy.

9 Q Did Secord ever discuss him?

10 A No, he did not?

11 Q Did Hakim?

12 A No, he did not.

13 Q Did either Secord or Hakim ever mention anything

14 about the procurement of arms in Europe for the contras?

15 A No, they did not.

16 Q Have you ever been to Central America?

17 A I've been to Panama in 1970 I think it was doing

18 tests on a A-7 as a pilot for the Air Force.

19 Q Is that your only trip to Central America?

20 A I went to Panama to a SouthCom, Southern Command

21 conference, and I can't recall exactly whether I was still

22 at the Pentagon or whether it was when I went over to the

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1 NSC, there was a conference in which they brought all their
 2 country people together to discuss security assistance
 3 needs. So it was either as the Deputy General ^{Secretary} ~~Secretary~~ for
 4 Policy on Security Assistance or it was after I went to the
 5 NSC. More than likely it was after I went to the NSC and
 6 it would have been in the '82 time frame.

7 Q What was your purpose in being at the
 8 conference?

9 A Just to attend the conference and to hear the
 10 briefings that people gave from Central and South America
 11 about the situation in the region.

12 Q Have you ever had a bank account in Panama?

13 A No, I have not.

14 Q Have you ever had any bank account in any
 15 country other than the United States?

16 A No.

17 Q When I say "have" I mean have any control over
 18 or access to.

19 A No.

20 Q Nothing like that.

21 A No.

22 Q Do you know Richard Miller?

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Mr. Tysimons 1

A No, I do not.

2

Q Spitz Channell?

3

A No.

4

Q Carl Channell?

5

A No. I've read the name in the paper, but I

6

don't know them.

7

Q Naturally I mean other than what you read in the

8

newspaper.

9

A No.

10

MR. HOLMES: Would you like to ask some

11

questions?

12

MR. BOBBITT: Yes. I have just a couple of

13

things to go over, material you have already been over.

14

EXAMINATION

15

BY MR. BOBBITT:

16

Q Were you at the NSC when the Political Military

17

Section was set up?

18

A Yes, I was.

19

Q Can you tell me what was behind that? Was

20

Fortier the driving designer behind putting a PM section in

21

the NSC?

22

A I don't know the motivation really behind it. I

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marysimons 1 was working with a gentleman by the name of Bob Kimmitt and
2 there were sort of several things that were going on.
3 There was security assistance and the arms transfer process
4 and then there were the guys that were attached to the
5 regional folks but they were military officers, and Don
6 Fortier was working in another section, and I think it was
7 primarily Bud McFarlane and Don Fortier perhaps along with
8 this other reorganization that was going on where Bob
9 Kimmitt moved up to Executive Secretary that sort of just
10 lumped us all in together, but the real motivation behind
11 it, I don't know.

12 Q So after the reorganization foreign assistance
13 became part of PM?

14 A Yes. I worked essentially for Don Fortier.

15 Q When did North become part of Political
16 Military?

17 A At that same time. It just kind of came
18 together.

19 Q It pulled all four, then, of the military people
20 in?

21 A It pulled all four of the military people
22 together. I was called a Director. I was the senior

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marysimons 1 ranking of the group, and the other guys were called Deputy
2 Directors because they were Lt. Colonels basically and one
3 was a junior Colonel, but I wasn't their boss. We all had
4 our own accounts. It was just four different kinds of
5 things that were -- it was more than four, but we all had
6 our separate things that we did and we all reported
7 directly in a single line to Don Fortier.

8 I sometimes sat in for Don Fortier when it came
9 to administrative budgets and secretarial overtime and
10 things like that.

11 Q Did North's role change when you organized PM?

12 A To my knowledge, it didn't. He had the
13 counterterrorism accounts and the Central America Political
14 Military stuff and from my observation it didn't change.
15 But it's important to know that in the NSC it's a thin
16 staff. [REDACTED] for [REDACTED]
17 So I went off and did security assistance stuff and he went
18 off and did his stuff just like everyone else, and in a lot
19 of cases the worst person to talk to about what the guys in
20 the NSC did was one of their colleagues.

21 Q Well, what puzzles me is that North goes from
22 being a, without trying to downgrade his role, I would

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marysimons 1 almost say an easel carrier in the AWACS period when he's
2 detailed to NSC to taking on the Central American
3 counterterrorism accounts under the reorganization, and
4 that occurs at a time when you're also at the NSC and I
5 just thought you might help me understand that change in
6 role.

7 A Well but you've got a break in there. Remember
8 the AWACS work for the NSC ended on the 28th of October
9 1981. We, we're talking at least, and I don't remember
10 exactly when the Political Military Sector was formed, but
11 there was an evolution of a period of one year and Ollie
12 North and the other people who were spending a lot of time
13 on AWACS went to other things. So their responsibilities
14 seemed to grow during that period. So I don't think it's a
15 ^e_A step jump from an easel carrier to a major responsibility.

16 Q I see, or at least I see it more clearly.

17 Would you describe your relationship to Mr.
18 McFarlane?

19 A I met Mr. McFarlane in early 1981 when he was
20 working at the State Department as a counselor to Secretary
21 Haig. It was again associated with the AWACS that I met
22 Mr. McFarlane. We went through the entire AWACS issue. He

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1 Marysimons 1 was still at the State Department.

2 Over the period from the end of 1981 when he
3 went over to the NSC as a Deputy to Judge Clark, he and --
4 well, more specifically Bob Kimmitt is the one who asked me
5 if I would be interested in interviewing for a position at
6 the NSC, that they were interested in finding someone who
7 knew security assistance and foreign military sales. So I
8 came over, and I guess that McFarlane would have been one
9 of the guys who would have endorsed me because of the
10 experience that he had with me during the AWACS.

11 So Kimmitt and McFarlane I say are the guys that
12 asked me to come over to the NSC, but I didn't really know
13 Bud on a social basis. I knew him on a more formal basis
14 in working at the NSC.

15 Q Did you report to him?

16 A No. I reported initially to Bob Kimmitt and
17 then after that to Don Fortier.

18 Q I gather that you don't recall a great many
19 corridor discussions or anything about contra funding in A-
20 3. You were about to leave anyway.

21 A I think there was very little going on at that
22 time, and if it was going on, it was going on perhaps in

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1 the covert area, and I had no responsibilities in covert or
2 any of the CIA budget work. Mine was strictly the State
3 Department 150 Account.

4 (Counsel Gale gets up and stands behind his
5 chair.)

6 MR. BOBBITT: Would you like to break?

7 MR. GALE: No, that's okay. Go ahead. I'm
8 taking a break.

9 MR. BOBBITT: All right. I haven't got but
10 about five more minutes in going through this.

11 BY MR. BOBBITT:

12 Q It seems from what I've heard and read that a
13 lot of people seemed to have approached you when they want

14 [REDACTED]
15 [REDACTED]

16 So it wouldn't have been odd, I take it, for
17 Secord to approach you as it did in the spring of '85?

18 A No, that wouldn't have been at all abnormal.
19 Yes, you're right, people do call me up now and then when
20 they would like to try to [REDACTED]

21 [REDACTED]

22 Q Secord has, however, a relationship [REDACTED]

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MR. BOBBITT: You ~~haven't~~ had a chance to get in
here much.

EXAMINATION

BY MR. FAULKNER:

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Q On another subject, I'm reminded by my notes that there may have been a business opportunity that Keith Phillips was developing in relation to hangars or steel buildings. So you know anything about that?

A Other than discussions that we've had about the general terms about the shelters because ---

Q Did Phillips have any role in the shelters?

A Well, when we went to Saudi Arabia and on a couple of occasions when we were there we were talking about the people that we were talking with and, yes, he

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knew about General Secord's efforts to try to sell
shelters, and as a part of that one time when we were in
Saudi Arabia and went to Daharan he went with us on a tour
of the existing shelters. So, yes, he was aware of what we
were doing and he was involved to that extent.

Q Did he have any competitive role or possible
opportunity of his own in that regard?

A Not in regard to shelters, no, I don't think
so. To the best of my knowledge, he didn't.

Q Is there anything, knowing as you do from the
press at least what we are investigating, that would be
helpful for us to know that you know of indirectly?

MR. GALE: I kind of object to that question.
We don't want to get involved in any speculation, and I
don't think that's a fair thing to inquire into,
speculation.

MR. HOLMES: I don't mean to ask you to
speculate. I mean to ask you to take this opportunity to
help us in our inquiry if you have other things that we
simply haven't touched on that you know of.

THE WITNESS: No, I really don't. I can't think
of any areas that you've left unturned.

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2 I've got my own opinions of course about a lot
3 of things, but nothing ---

4 MR. HOLMES: Well, I appreciate your cooperation
5 with us, and I have no further questions.

6 Is there anything that you would like to make a
7 record on ---

8 MR. GALE: No, I have nothing.

9 MR. BOBBITT: I would like to get one thing
10 clear in my mind. You have never had a discussion with
11 McFarlane regarding [REDACTED].

12 [REDACTED]
13 THE WITNESS: I never have. As a part of my
14 security assistance responsibilities in the past there have
15 been in the interagency process general discussions about

16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]

20 That was while I was in the government and as a
21 part of my responsibilities, but since that time we have
22 never had any discussions nor even then did we have any

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discussions about [REDACTED]

2

MR. BOBBITT: And no discussions with Secord on
a similar topic save for one approach in the spring of '85?

4

THE WITNESS: That's correct, in the one
approach and then my reporting back to him that he wasn't
interested in talking to him. To the best of my knowledge,
unless we replayed that same conversation back again, we
never talked about it in any other terms except for that
approach that he wanted to make [REDACTED]

10

MR. BOBBITT: And no discussions with [REDACTED]
except the reaction to the Secord approach which you've
accounted for us [REDACTED]

13

14

THE WITNESS: That's correct, and in general
terms reaction [REDACTED]

16

17

[REDACTED] but we've talked about the Iran contra
thing just as a matter of being together when we were
watching the news together.

20

MR. BOBBITT: But really only after it hit the
press.

22

THE WITNESS: That's correct.

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MR. BOBBITT: Thank you.

2

MR. HOLMES: Thank you very much for coming.

3

THE WITNESS: You're welcome.

4

(Discussion off the record on the reading and signing of the deposition to be done in the offices of the Select Committee due to the sensitive nature of the materials discussed.)

8

(Whereupon, at 5:40 p.m., the Deposition of

9

ROBERT H. LILAC concluded.)

10

* * * * *

11

I have read the foregoing pages

12

through , inclusive, which

13

contain a correct transcript of

14

the answers made by me to the

15

questions therein recorded.

16

Signature is subject to

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corrections.

18

ROBERT H. LILAC

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* * * * *

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1 CERTIFICATE OF NOTARY PUBLIC

2 COMMONWEALTH OF VIRGINIA)
 3 COUNTY OF FAIRFAX) ss.:

4 I, MARY C. SIMONS, the officer before whom the
 5 foregoing deposition was taken, do hereby certify that the
 6 witness whose testimony appears in the foregoing deposition
 7 was duly sworn by me; that the testimony of said witness
 8 was taken by me in stenomask to the best of my ability and
 9 thereafter reduced to word processing by me, that said
 10 deposition is a true record of the testimony given by said
 11 witness; that I am neither counsel for, related to, nor
 12 employed by any of the parties to the action in which this
 13 deposition was taken; and further that I am not a relative
 14 or employee of any attorney or counsel employed by the
 15 parties thereto, nor financially or otherwise interested in
 16 the outcome of the action.



17
 18 Mary C. Simons
 19 Notary Public in and for the
 20 Commonwealth of Virginia
 21 My Commission expires
 22 August 19, 1988

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DEPOSITION OF COL. JAMES B. LINCOLN

Tuesday, July 21, 1987

United States Senate

Select Committee on Secret

Military Assistance to Iran

and the Nicaraguan Opposition

Washington, D. C.

Deposition of COL JAMES B. LINCOLN, called as

a witness by counsel for the Select Committee, at the
 offices of the Select Committee, Room SH-901, Hart Senate
 Office Building, Washington, D. C., commencing at 1:35
 p.m., the witness having been first duly sworn by JANE W.
 BEACH, a Notary Public in and for the District of
 Columbia, and the testimony being taken down by Stenomask
 by JANE W. BEACH and transcribed under her direction.

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APPEARANCES:

On behalf of the Senate Select Committee on Secret
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Washington, D.C. 20515

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2

On behalf of the witness:

3

ROBERT J. WINCHESTER, Esquire

4

Office of the Secretary

5

United States Army

6

Special Assistant to the Secretary of

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the Army for Legislative Affairs

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The Pentagon

9

and

10

COL. JOHN WALLACE

11

Washington, D.C.

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C O N T E N T S**EXAMINATION ON BEHALF OF****WITNESS****SENATE****HOUSE****Col. James B. Lincoln****By Mr. Saxon****By Mr. Kreuzer****E X H I B I T S****There were no exhibits marked in this deposition.****UNCLASSIFIED**~~SECRET~~

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PROCEEDINGS

Whereupon,

COL. JAMES B. LINCOLN,

called as a witness by counsel on behalf of the Senate Select Committee in the above-entitled matter and, having been first duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE

BY MR. SAXON:

Q If you would, sir, give us your name and rank.

A James B. Lincoln, Colonel, U.S. Army.

Q What is your current assignment, Col. Lincoln?

A I was just recently reassigned as the Chief of the Office of Project Management in the Army Materiel Command Headquarters in Alexandria, Virginia.

Q And immediately prior to that, what was your position?

A I was the TOW Project Manager in Red Stone Arsenal, Alabama.

Q And I believe it was in that capacity in which you were involved in the matters of investigation by our two Committees. Is that correct?

A That's correct.

Q Colonel, if you would, let's go chronologically through your involvement with what became

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1 Project Snowball. That is, the requirement that the Army
2 provide to the CIA TOW missiles, and simply tell us when
3 that involvement began.

4 Q My first involvement and the involvement of my
5 office in the Army Missile Command, as far as I know,
6 started with a phone call to me in about the mid-January
7 1986 time frame from Maj. Simpson, Department of the
8 Army, DCSLOG, Deputy Chief of Staff for Logistics Office,
9 and he alerted me to a rather unusual mission involving
10 preparing and shipping a quantity of TOW missiles for a
11 customer that was not mentioned by him.

12 He further stated that there would be no
13 paperwork. This would be handled with phone calls, and
14 that he would be my only point of contact. We just
15 started to work the details from that very first phone
16 call.

17 Q And that would be Maj. Christopher Simpson.
18 For the record, he was the Army Action Officer on this
19 project. Is that right?

20 A That's correct.

21 Q You said that he gave you a rather unusual
22 request. You may have answered already with what
23 followed, but for what reason would you characterize it
24 as unusual?

25 A Well, first of all, getting a call at home at

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1 night; and getting a description of a military
2 requirement, or a mission that he wanted me and my office
3 to perform. I don't think there had ever been anything
4 quite like that before, either for myself or for the
5 Command, or certainly for any requirement for the TOW
6 project to perform it in that way.

7 And some of the questions that I asked he
8 wasn't able to answer--such things as when? Where? How?
9 The normal kind of questions you might ask. He said,
10 those details are still uncertain.

11 Such things as informing the chain of command
12 such as my boss. I was specifically told that was not
13 permitted; that I was to involve the absolute minimum
14 number of people necessary to do the mission, and that I
15 specifically could not tell my boss what was going on.

16 Q Had you ever been involved with a mission in
17 which you had those kind of constraints and conditions?

18 A Not directly, but we did have a previous
19 mission involving an [REDACTED]

20 [REDACTED] we
21 found out later, but it was not anywhere near as
22 sensitive or close-hold as this particular mission was.

23 Q What was the number of TOWs you were initially
24 told you would be shipping?

25 A The number varied greatly. Initially, he said

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1 as many as 4500. Well, he didn't use the words "as
2 many." He said, the quantity has been stated by "his
3 customer," and he kept referring to "his customer" as
4 4500.

5 And in fact, for the first few days as we
6 began to look into executing the mission, that was the
7 number. Then shortly thereafter, perhaps within three or
8 four days after that, the number was changed dramatically
9 and went down to about 2500.

10 Q The first shipment was to be 1000 TOWs? Is
11 that correct?

12 A I don't recall if right during the initial
13 conversations that a first shipment, or a quantity of
14 1000 was mentioned. I don't believe it was. It wasn't
15 determined at that time yet.

16 Q Did Maj. Simpson ask you what the status of
17 our stockpiles was of TOW missiles?

18 A I don't believe that he did. I told him that
19 this was going to have an obvious impact on our
20 stockpile, which really even though these were so-called
21 "basic TOW missiles" which are not our better or our best
22 missiles by far, they still are part of our war reserve
23 and they would have an impact. But I don't recall that
24 he ever asked that, or that I was asked to express an--or
25 comment on what would happen, or would be the impact on

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1 our stockpile.

2 Q I wasn't asking you specifically on the
3 question of readiness, per se, but simply whether he
4 wanted to know from the very outset with his first
5 question what our stockpiles were--in other words, could
6 we meet the requirement?

7 A Oh, yes. He did ask in that context, do you
8 have sufficient stocks to satisfy this mission? And I
9 said, I don't know; I'll have to check.

10 Q I want to say for the record that if I make
11 reference to the fact that you told us previously, or
12 that when we discussed these matters previously, what I
13 have in mind is the fact that on April 7th there were
14 three of us from the Senate Committee, myself included,
15 who met with you.

16 I believe you told us that you received a
17 second phone call from Maj. Simpson shortly after the
18 first one in which he specified a specific model number.
19 Is that correct?

20 A Yes. He had apparently looked in the Army
21 catalog--

22 Q That would be the Army Master Data File, or
23 AMDF?

24 A Right. AMDF, Army Master Data File. And
25 there are many versions of TOW missiles listed in there,

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1 and he had apparently picked the one out that he wanted.
2 He gave me a very specific model number.

3 He further told me what the price was, the
4 price that he took out of the Army catalog. He told me
5 that was what his customer wanted.

6 Q He specified Basic TOW?

7 A Yes.

8 Q And was the price he gave you \$3,169?

9 A Yes, the price that he had looked up. And I
10 made a comment that we'd like to go verify that, which we
11 did. And he had looked it up correctly; it was the
12 correct model number, correct price, and in a later
13 conversation we confirmed that with each other.

14 Q And did he indicate what condition the
15 missiles should be in?

16 A Not at that time. In a later conversation he
17 made the comment that the missiles must be in Condition
18 Code A.

19 Q What does that mean?

20 A That means that the missiles have no
21 restrictions of any kind. They can be fired under any
22 conditions, fired in training, and there's no
23 restrictions at all.

24 I told him that the missile that he had
25 specified to me was not in Condition Code A; it was in a

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1 condition code that really prohibited it from being fired
2 in training.

3 Q That would be "Condition Code N"?

4 A Condition Code N, November. And I didn't know
5 for what purpose he wanted these; maybe that was no
6 problem. But he immediately came back and said, the
7 missiles must be in Condition Code A. And I said, well,
8 then, we're going to have to look at a different model,
9 or a different missile, because the ones you specified
10 are not in Condition Code A.

11 Q And what did you do then to either come up
12 with a different missile or to make that missile in
13 Condition Code A?

14 A We checked the stocks again and there were a
15 couple of options. We could convert that missile to
16 Condition Code A by installing a safety device, or
17 finding a stock of missiles that had the safety device
18 installed. The safety device is called a "missile
19 ordnance inhibit circuit," "MOIC."

20 But we had to determine that we had enough
21 MOICs on hand, and that we could in fact install them on
22 an assembly-line-type operation. We determined that we
23 did not have adequate MOICs on hand.

24 So we looked for another option. That was,
25 missiles that met the requirement by either being in

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1 Condition Code A or already having MOICs installed. We
2 determined that we could not meet this requirement of
3 2500, or certainly 4500, and that we would have to do
4 some kind of conversion.

5 And we relayed that to him, that we didn't
6 have adequate stocks.

7 Q Before we get to the conversion, I assume
8 you're talking about the ITOW downgrade for that
9 conversion. Is that correct?

10 A Yes.

11 Q Before we get to that, I assume you
12 communicated back to him that you could take the MOIC and
13 put it on the basic TOW and that would bring it up to
14 Condition Code A. Is that right?

15 A That's correct.

16 Q And did you get authorization from Maj.
17 Simpson to do that?

18 A Well, the first part of the conversation got
19 to the price.

20 Q The price of the MOIC?

21 A The price of the MOIC, and the impact or the
22 effect on the price of the missile. We said, or I said,
23 or somebody said--and this was a combination of not just
24 me, but other people in my office--that in order to get a
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1 missile with a MOIC, or to put the MOIC in, there is
2 going to be a delta. There is going to be an increase in
3 the price.

4 And he said, well, how much? We said that
5 MOIC cost about \$300, roughly, including installation.
6 So he said, okay, let's take the price that we agreed
7 upon, \$3169, and we'll add \$300 to it. And he and I just
8 agreed to that. That sounds reasonable.

9 My people more or less agreed with that. Once
10 again, this being a very unusual mission, and this was a
11 rather unusual way to get into the price, but we just did
12 what seemed logical at the time. So we agreed that the
13 price of a Condition Code A missile would be the \$3169
14 plus \$300, and that's how we arrived at the price that
15 went throughout the entire operation, the per missile
16 price of \$3469.

17 Q Was Maj. Simpson the only person that you
18 dealt with outside of MICOM?

19 A That's correct, up until the time he departed
20 the job and another individual replaced him.

21 Q That would be Lt. Col. Armbright?

22 A That's right.

23 Q To go back, when Maj. Simpson said that this
24 was to be a close-hold, or no notes, or few people
25 involved, exactly how did he put that? And did he tell

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1 you why that was necessary?

2 A He said that it was a very sensitive mission,
3 very few people in the Department of Defense and in the
4 Government were involved in this mission, and that I was
5 to involve only the minimum number of people that were
6 absolutely necessary to execute the mission. And
7 basically the fact that it was a very sensitive mission.

8 Q Did he tell you who had given him the mission?

9 A No, he did not.

10 Q Did you ever know that the missiles were going
11 to the CIA?

12 A No, I did not.

13 Q And, just for the record--although I think it
14 is understood--you also never knew that they were
15 ultimately intended for Iran. Is that correct?

16 A I did not know that.

17 Q And it's safe to say that no one at MICOM knew
18 that they were intended for the CIA or Iran?

19 A Not that I know of. I would be very surprised
20 if anybody knew that.

21 Q Again for the record, the TOW missiles you
22 were looking at were located at Anniston Army Depot in
23 Anniston, Alabama. Correct?

24 A That's correct.

25 Q Now what happened next? You called him. You

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1 said we're going to have to put a MOIC on to get them to
2 Condition Code A. He more or less says, okay, we're
3 talking \$300. You get the price to \$3469.

4 What happens?

5 A At this point, in looking at the availability
6 of stocks and the availability of MOICs, we determined
7 that the better course of action would be to provide an
8 ITOW missile, an improved TOW missile, that was sitting
9 there in the stockpile.

10 So I called him back--

11 Q These were physically sitting where?

12 A These were in the stockpile at Anniston Army
13 Depot. And I in effect said, how about ITOWs? They're
14 sitting there. We do not have enough basic TOWs in the
15 configuration that you want, that your customer wants. I
16 think probably a day, or part of a day went by and he
17 called back and said, no, I must have basic TOW missiles.

18 At that point I informed him that that would
19 mean that in order to satisfy the requirement, we were
20 going to have to disassemble the ITOW missiles, remove
21 the ITOW warhead and put on basic TOW warheads to come up
22 with the proper number of basic TOW missiles. And he
23 ended up telling me, fine, do it.

24 And I said, there's going to be a charge. He
25 said, fine, tell me what the charge is. We gave him

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1 estimates, and he said, just keep track of your bills.

2 Q And what happens next? Do we get to the first
3 shipment?

4 A We continued to prepare the mission, prepare
5 Anniston, and there was one critical point in here where
6 I did some soul-searching about this mission and I
7 finally told him right before we began to make crucial
8 actions at our place and at Anniston, that I really felt
9 that his General was going to have to call my General and
10 tell him what was going on.

11 Q And his General would be General Vincent
12 Russo?

13 A I believe so; right. And he argued with me
14 about that and said that wasn't proper, and people
15 weren't supposed to be involved. And I said, well, I
16 have enough concern about this mission that I just don't
17 feel I can execute it without my boss being informed.

18 He eventually conceded. Gen. Russo called the
19 Commander of the Missile Command, Gen. Burbules,
20 discussed the mission, and we proceeded on to execute it.

21 At first we were preparing for an air shipment
22 which was rather complicated. The missiles were to be
23 transported up to the Red Stone Army Air Field, prepared
24 for air shipment to be picked up by some special aircraft
25 that Maj. Simpson was arranging, and we had to make some

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1 special arrangements for that.

2 It turned out that the aircraft pickup, part
3 of it changed, and we were told to be prepared for
4 trucks. And in the meantime, the missiles had departed
5 Anniston, the 1000 missiles, come up to Red Stone by
6 truck, and had been downloaded and sat there at a certain
7 location at the airfield with 24-hour security for which
8 there was a charge, and eventually picked up by trucks
9 provided by Maj. Simpson as far as I know in the early
10 part of February, and they departed the area.

11 Q And did Maj. Simpson himself come down for
12 that operation?

13 A Yes, he did.

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Q When Gen. Burbules talked to Gen. Russo, did

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1 they discuss the issue of replacement costs?

2 A The initial conversation, I was not in on. At
3 a later time when I personally became concerned about the
4 price, basically that it was too low, I went back to Gen.
5 Burbules and tried to make a case with him that the price
6 that we were locked in on was too low, and we were very
7 concerned about replacing these missiles and replacing
8 them with the current missiles, which was a TOW-2,
9 although a much more expensive missile; nonetheless, we
10 could buy a number of replacements.

11 I relayed this to him, and I suggested that he
12 call Gen. Russo and try to get the price changed, which
13 he did, and I was present in the room when he called.
14 And Gen. Russo, I found out later, went to the Army
15 General Counsel to check on the validity/legality of the
16 AMDF price that we had used as a basis, and the word came
17 back down that the price was legitimate. We don't want
18 to hear any more about the price. That's it,
19 essentially.

20 Q So we have clarity in the record, you weren't
21 arguing that the appropriate price for the basic TOW was
22 higher than \$3469; you were arguing that in the process
23 of selling the basic TOW out of the inventory it was
24 going to have to be replaced; and since the basic TOW had
25 ceased production in 1975, the missile you were currently

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1 buying would be more expensive.

2 So when you talked about the higher price,
3 that's the price you were using. Is that correct?

4 A Well, I would really say that we were arguing
5 for both. The price, the so-called AMDF price, was based
6 on a 1974-75 manufacturing. There had been a
7 considerable increase in manufacturing costs, inflation,
8 and so forth. But because of the mechanics of the way
9 the Army catalog works, the price was never updated,
10 because that was the last buy, and it just stayed in
11 there.

12 We said that even though that's the rule, we
13 thought that to get reimbursed at that rate was not
14 acceptable. And furthermore, we're going to have to buy
15 these more expensive replacement missiles. So we
16 characterized it both ways.

17 Q The replacement cost for TOW-2 would have been
18 what?

19 A Roughly \$11,000. Now that's a full-up
20 missile, including the warhead. There's been a lot of
21 confusion because the contractor, Hughes Aircraft, only
22 makes the back end of a missile, if you will, excluding
23 the warhead.

24 He gets the warhead as government-furnished
25 equipment, but some people have seen the Hughes price and

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1 it's much lower than the full-up missile price. So there
2 is room for confusion there. But a full-up TOW-2 goes
3 for about \$11,000-U.S. price. Now if it's FMS--

4 Q Foreign Military Sales?

5 A --Foreign Military Sales, or some other
6 special category, the price can change. But the basic
7 cost to the U.S. is about \$11,000 to about \$11,500.

8 Q So if we're referring to replacement costs for
9 a full-up TOW-2, for our purposes it is okay to say
10 \$11,000?

11 A Approximately \$11,000; right.

12 Q All right. Now what was the second figure you
13 were seeking? That is, you said it would not be fair to
14 be stuck with the early price, the outdated price for the
15 basic TOW. Was there a figure between \$3469 and \$11,000
16 that MICOM was seeking?

17 A Unfortunately, we were not--I was not specific
18 with Gen. Burbules, which might have been a lot better
19 way to justify what I was trying to do--but I just said
20 we need more money, and here's the rationale. But I did
21 not give him a figure, and he did not give Gen. Russo a
22 figure.

23 Q When we talked with you before, you indicated
24 that you had told Gen. Burbules something to the effect
25 that "we're getting screwed," meaning that the Army was

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1 going to have to go out and buy missiles that cost more,
2 and that they would either pay more money for the same
3 number of missiles, or pay less money--or pay the same
4 amount of money for fewer missiles.

5 Do you recall something to that effect?

6 A Yes. That's essentially part of the
7 conversation.

8 Q And after Gen. Burbules talked to Gen. Russo,
9 is it fair to say that he came back with the word that
10 for MICOM's purposes, you would not get replacement
11 costs, and therefore cost from that point on was no
12 longer a factor?

13 A That's essentially correct, yes.

14 Q We now know that this transaction was one that
15 was conducted under the Economy Act, meaning that the
16 Department of the Army transferred the missiles to the
17 CIA, and the Economy Act governed the transfer. While
18 you wouldn't necessarily know this, the requirements that
19 Secretary Weinberger imposed were that the Army be paid
20 in full and not lose money on the deal, and that it be an
21 Economy Act transfer.

22 Prior to these matters becoming public, did
23 you understand this to be an Economy Act transfer?

24 A I never heard of the Economy Act until this
25 whole affair was publicized. I think virtually no one at

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1 the Army Missile Command ever heard of the Economy Act.
2 There had been virtually no transactions ever made, or if
3 there ever were, nobody ever said this was done under the
4 "Economy Act." And it was never stated to me by Maj.
5 Simpson or anyone else that this was going to be done
6 under the so-called Economy Act.

7 Q Did you have occasion frequently to use the
8 AMDF?

9 A Me personally, never. My office, to a very
10 limited extent because at all Army Commodity Commands, at
11 least, there are people called "Item Managers" and
12 logistics people who deal in that on a daily basis.

13 We deal with national stock numbers, NSNs, as
14 opposed to such things as the AMDF price, and we would
15 just call them up and refer to that type of thing--
16 although we did have access to the Army Catalog on
17 microfiche where we could look up line items such as the
18 TOW missile.

19 Q Now once the first shipment went forward in
20 February, when was the next triggering event in terms of
21 your involvement, or MICOM's involvement?

22 A Several months went by where there was very
23 little activity. In the late-April time frame, I believe
24 it was, we were alerted to another mission and another
25 shipment.

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1 Q Of TOWs?

2 A Of TOWs. So we began the same type
3 preparation. This time the number was \$508.

4 Q In other respects it was the same? You were
5 to get the missiles from Anniston Army Depot, move them
6 to Red Stone for further shipment?

7 A Yes. And this time it was stated from the
8 outset that it would all be by truck. It would move out
9 of Anniston by truck. They would be brought up to Red
10 Stone and transloaded onto some other trucks for shipment
11 out of there.

12 Q These are commercial trucks? I believe
13 Baggett Transportation was used. Is that correct?

14 A I didn't know who it was. The trucks didn't
15 have very much of a marking on them, but I found out
16 later it was Baggett.

17 Q And for the second shipment, I believe you
18 told us in April that you were TDY. So Maj. Simpson
19 dealt with your then-deputy Mr. Williams. Is that
20 correct?

21 A That's correct.

22 Q Is it safe to say that you had no involvement
23 with or knowledge of that shipment until you got back
24 from TDY?

25 A That's correct. I was informed in very

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1 general terms through some careful words over the phone
2 that we're doing another mission, and that was about all
3 I needed to hear, because I relied on them to go ahead
4 and take care of it.

5 Q Now had you been paid for the first shipment
6 yet by the time the second one rolled around?

7 A We had submitted vouchers and so forth, but
8 no, I don't believe we'd received any money yet, any of
9 the reimbursement.

10 Q And were there any transfer documents that
11 were signed when these changed hands from you to Maj.
12 Simpson?

13 A Yes. There was a standard typed document that
14 would be signed by the losing and the gaining individual
15 for this type of equipment that was signed off between
16 the Army and the transportation people, the outside
17 transportation people.

18 Q Do you recall whether those documents had any
19 prices on them?

20 A I did not see the documents. I saw them
21 later, and although I can't remember what the prices were
22 shown, I noticed--I recall that they did have some prices
23 on them.

24 Q We'll come to that a little later. Let me
25 move on in the chronology.

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1 From the time that shipment went forward in
2 May, what happened next? What was the next triggering
3 event in terms of your involvement?

4 A The first thing that happened was Maj. Simpson
5 departed, and Lt. Col. Armbright came on the scene and we
6 started dealing with him. He was kind of building up
7 some information about the missiles that were remaining
8 that had been prepared, getting such things as lot
9 numbers. And as we moved toward the third shipment, it
10 turned out that he specifically requested log numbers,
11 which we thought was rather unusual.

12 Q This would have been when? Toward the end of
13 October?

14 A Yes. Sometime in the October time frame. He
15 said, we're going to do another mission of 500 missiles,
16 and here are the lot numbers that the customer wants. He
17 very specifically asked for the lot numbers, and they
18 happened to be--

19 Q Did he also specify the year of manufacture?

20 A No. He did not. But he had in mind newer
21 missiles because, by specifying the lot numbers, he was
22 really specifying newer missiles, and he knew that
23 because he had gotten all the information previously.

24 Naturally we were trying to get rid of the
25 older missiles, if possible.

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1 Q And did he specifically want converted ITOWs
2 manufactured in 1979?

3 A Those were--that's correct. The lot numbers
4 that he specified were in that category.

5 Q And were any MOICs required for that shipment?

6 A No, they were not.

7 Q And why was that?

8 A Because the missiles were at least thought to
9 be already in Condition Code A, so they did not need the
10 safety device.

11 Q Were they in Condition Code A?

12 A As it turns out, they were not. There was
13 some problem that occurred at the depot, or perhaps in
14 the statement of the material release order which is sent
15 out from MICOM about specific directions on which lots
16 were to be converted back in the earlier months of the
17 mission, and there were two piles of ITOWs there.

18 One pile was Condition Code A, and one was
19 Code N, and somehow they picked the wrong stockpile and
20 converted Code N missiles. In other words, removed and
21 replaced the warheads. So we had what turned out to be
22 Code N missiles that we did not realize were Code N until
23 after the second shipment.

24 At the time it was discovered, I so informed
25 Maj. Simpson that we have a problem. You insisted on

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1 Code N, or Code A missiles. We inadvertently converted
2 these Code N missiles, and they're still Code N.

3 MR. KREUZER: Was this at Anniston?

4 THE WITNESS: Yes. Anniston does the
5 conversion, or prepares the missiles for shipment.

6 He said, well, okay, we'll have to face that
7 problem when we get another shipment requirement. And in
8 the meantime, he left.

9 Col. Armbright came in. There was no
10 restatement of the requirement for Code A. I suppose we
11 could of or should have assumed that there was still a
12 requirement for Code A, but in the rush of executing the
13 mission and the passage of time between all this
14 happening, we just went ahead.

15 Furthermore, they specified the lot numbers.

16 BY MR. SAXON: (Resuming)

17 Q So if I can understand what you're saying,
18 they were provided with missiles in Condition Code N. Is
19 that correct?

20 A That's correct.

21 Q And MOICs were not provided.

22 A The MOICs were not installed. We shipped
23 exactly what they specified, although we didn't clarify
24 that those were Code N.

25 Q And was the CIA charged for the MOIC on the

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1 third shipment?

2 A They were.

3 Q And has any adjustment ever been made in that
4 bill that went forward?

5 A No. And in fact it could have been adjusted
6 the other direction, because they were much newer
7 manufacture, and you could make a case that this was yet
8 a different catalog number, certainly with a lot higher
9 price than the one we set originally.

10 MR. KREUZER: But you haven't been paid for
11 these missiles?

12 THE WITNESS: We have now been paid for
13 everything. The second or third major payment happened
14 fairly recently. There was some administrative hangup,
15 but as far as I've been informed--and I've checked this
16 since I've changed jobs--I can't absolutely confirm it,
17 but I've just been told telephonically that all payments
18 have been sent and received by the Army Missile Command.

19 MR. KREUZER: But was there in fact an
20 occurrence at one time where you issued an authorization
21 for funds which in fact was useless to your command? Do
22 you recall anything like that?

23 THE WITNESS: Let me see how I could say this.

24 BY MR. SAXON: (Resuming)

25 Q It can't be any less confusing than the rest

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1 of it, so just go ahead.

2 A The reimbursement, when it came down through
3 funding channels, due to some technicalities in the type
4 of money it was and in which category, it turned out that
5 it could not be applied directly to the TOW line, which
6 would allow us to in effect pay ourselves back. And it
7 ended up going into some general fund.

8 So the taxpayers didn't lose, but the TOW
9 project lost because of some technicality about the way
10 the funds--and it involved Congressional language--the
11 TOW line in the Congressional language says, You are
12 authorized to buy X number of missiles for this much
13 money.

14 So someone made a case that this would be a
15 delta, this would be an add-on to that, and therefore it
16 was illegal. It turns out that later on when they
17 analyzed it, that really wasn't necessarily so; but
18 nonetheless, the money for the missiles--now there was
19 some other money there, too, such as the transportation
20 costs, the conversion costs at Anniston--but the direct
21 payment for the missiles did not end up going back into
22 our line, for which we all griped about severely but to
23 no avail.

24 MR. KREUZER: Well, whose responsibility was
25 it to acquire the funds for--I presume the understanding

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1 was that the MICOM would get appropriate funds to
2 replenish its supply of TOWs with improved TOWs. So was
3 that the original understanding that MICOM would get
4 the--

5 THE WITNESS: Well, not necessarily, or not
6 quite. We were simply under the understanding that we
7 would be reimbursed for all our costs, one of which was
8 having taken 1000 of these basic TOW missiles out of our
9 inventory at a price of X; not necessarily that we would
10 be able to buy back replacement items.

11 We were just under the understanding that we
12 would get a certain amount of money back, and presumably
13 that could be used to buy replacement missiles.

14 MR. KREUZER: And who arranged for you to
15 receive the funds? Do you know?

16 THE WITNESS: I do not know that. We simply
17 sent in our vouchers in the normal system, and hoped that
18 the system would work to get the money back to us.

19 MR. KREUZER: Who was the source of the
20 funding? How sent you the funds' cites that authorized
21 you a certain amount of money for those missiles? Do you
22 know?

23 THE WITNESS: Well, they came back through the
24 normal channels through the Department of the Army and
25 AMC. I'm not familiar with exactly what the fund cite

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1 was, but it was the so-called normal fund cites that
2 could be used for this type of a transaction.

3 MR. KREUZER: But would it have been an AMC
4 action? Was AMC the body that authorized the funds?

5 THE WITNESS: Not directly. It was Department
6 of the Army, and AMC was merely an accounting pass-
7 through point. They took no decision action or
8 significant action on the money.

9 MR. KREUZER: Just a processing point?

10 THE WITNESS: A processing or accounting
11 headquarters.

12 MR. KREUZER: And you don't know who in the
13 Department of the Army specified or authorized the funds?

14 THE WITNESS: Not by name, but it originated
15 in the DCSLOG office and probably was accounted through
16 the Army Comptroller's office. But specifically who
17 there, I never knew that and don't know it now.

18 There is an individual who has been deeply
19 involved in this type of question in the Army Materiel
20 Command Headquarters that I've mentioned before, who has
21 looked into many of these questions. His name is Mike
22 Sandusky. He's a Senior Executive Service individual who
23 is--and this is his business, and he has done a lot of
24 research on this, answering these types of questions on
25 behalf of the former Commander General Thompson, and

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1 various individuals at the Department of the Army, also.

2 BY MR. SAXON: (Resuming)

3 Q And where is he? Red Stone?

4 A No. He is at Army Materiel Command
5 Headquarters, in the same building I work in.

6 Q I believe that you mentioned a moment ago that
7 in addition to the costs for the TOWs themselves there
8 were some ancillary and transportation modification
9 charges, et cetera. Did that figure come to about
10 \$350,000?

11 A Approximately, yes.

12 Q And did you have to take that out of your
13 operating budget, your TOW Project operating budget until
14 reimbursement?

15 A Well, most of those costs were Anniston costs.
16 So they simply charged their accounts and sent us the
17 bill. So most of that didn't come out of any MICOM or
18 TOW fund. It simply was charged at Anniston and they
19 sent the bills to us, assuming they'd get reimbursed,
20 which they did.

21 Q To go back to the issue of the Congressional
22 language that had technical restrictions, if I understand
23 that, it says that the Army can purchase a certain number
24 of TOWs in a calendar year. Is that correct?

25 A That's basically--each year that's what it

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1 specifies.

2 Q And so you were just bumping up against that
3 ceiling on the number of TOWs that could be purchased in
4 calendar year 1986--

5 A In a given fiscal year.

6 Q --or fiscal 1986, or 1987? Which

7 A In a given fiscal year. Now that's what I was
8 told the problem was with the funds. Not that that's
9 necessarily the case, or that it would in fact restrict
10 us, but that's what I recall the reason we were given why
11 we could not take this money and somebody, perhaps a
12 somewhat low-level program analyst type--just took the
13 money and said it can't go there, so they stuck it in
14 another account. And it was lost, and in fact it was
15 irretrievable. We tried to get it back.

16 Q Did anyone within the Department of the Army
17 or MICOM know at the time you were meeting the
18 requirements--that is, in February of '86 with the first
19 shipment, and so forth--did you know that there was a
20 ceiling imposed by the language of Congress as a line in
21 the Appropriations bill that would prohibit you from
22 replacing these once funds were immediately provided?

23 A Yes. We were all familiar with that, but I
24 guess we didn't think there would be any problem, or
25 maybe that we might even want to buy the missile that was

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1 shipped, or maybe an ITOW. So we weren't really thinking
2 that there would be a problem, even though we were well
3 aware that there is in fact a restriction based on the
4 language.

5 Q Well, you couldn't buy the missile that was
6 shipped, because they were no longer in production.
7 Right?

8 A Well, essentially the production line is shut
9 down for them, although probably 70 or 80 percent of the
10 basic TOW missile is the same as the TOW-2 missile.
11 There's just a few differences that are plugged in there
12 by module, such as the flight motor is different, and the
13 back end of the missile has a couple of differences.

14 Q As far as you know, did anyone raise at levels
15 above you--either you raise it for it to surface up the
16 chain, or anyone above you raise the issue that you would
17 bump up against that ceiling and not be able to
18 immediately replace the TOWs?

19 A No. No one ever raised that until such time
20 as it was determined to be a problem.

21 Q When did you actually get the money in the
22 proper account for purposes of replacing TOW missiles for
23 TOW missiles?

24 A I can't recall.

25 Q It would be sometime in the Spring of '87?

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1 A It would be in that time frame. But we had
2 some of these administrative issues that held on for
3 awhile, even after the money was sent. I can't recall
4 specifically when it was broken loose.

5 Q And do you know whether any TOW missiles have
6 actually been purchased yet?

7 A No, they have not.

8 Q How does that cycle work? Is that surprising
9 in any way? Or does it just take time for a particular
10 procurement cycle to come around?

11 A Well, it doesn't surprise me in this case,
12 because we're talking about a small number that would be
13 an add-on in a rather unusual way, and we also have the
14 normal lead times involved. The standard lead time from
15 the date you notify the contractor and the other
16 individuals as admin and procurement lead time is 15
17 months or so.

18 But to start the action to buy the missiles, I
19 don't believe that's even happened.

20 Q Now to go to the readiness question that you
21 more or less answered earlier, but it wasn't really
22 specifically the one I asked at the time, if I understand
23 it, we have approximately [REDACTED] TOWs in our inventory.
24 Is that about right?

25 A There's been about 430,000 produced. About

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1 [REDACTED] are in the stocks of our Allies, or those
2 that we've sold them to. So it would probably be roughly
3 that, perhaps a little more than that, that are in the
4 U.S. stockpiles.

5 Now if you include the foreign stockpiles,
6 it's considerably more than that.

7 Q And it take it that there would have been both
8 at the time and now, you could look at the readiness
9 question and see that there would have been no adverse
10 impact on readiness, providing either 2508 TOWs or 4508
11 TOWs to a customer?

12 A A very minor impact, even though they are not
13 only basic TOW missiles and a fairly small number. If
14 you were in a war situation, they might make a
15 difference, but it would be minor. So I would say a very
16 minor impact, or virtually no impact.

17 Q You said earlier that you didn't know where
18 the missiles were headed. Did you ever inquire, or make
19 an effort to find out?

20 A Not really. A few offhand, joking
21 conversations perhaps, with Maj. Simpson. We had fun
22 guessing. But beyond that, no, I never really made any
23 serious inquiry.

24 Q Did you have a guess, or did you speculate on
25 any particular countries?

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1 A The top guess was [REDACTED] After that, it
2 was [REDACTED] There were a few things going on other
3 there. Beyond that, we couldn't even guess.

4 Q Was that in part because they both had TOW
5 launchers?

6 A Well, [REDACTED] is a question. We tried to
7 kind of just think kind of casually. The missile does
8 you no good unless you have a launcher. We couldn't
9 really determine at the time if they had [REDACTED]
10 [REDACTED] some TOW launchers.

11 Q I believe you told us in April that there are
12 [REDACTED] countries that currently have TOW launchers. Is that
13 correct?

14 A [REDACTED] countries, and plus or minus one
15 or two, have had TOWs. Some countries are what we call
16 "inactive."

17 Q And Iran would be one of those?

18 A Iran would be in that category.

19 Q I asked you in April a question or two about
20 the [REDACTED] System. Let me ask again for the record,
21 have you ever heard, prior to my asking that question in
22 April, had you ever head of the [REDACTED]

23 A No, I have not.

24 Q And you wouldn't have known, then, whether
25 this transfer did or did not bypass the [REDACTED]

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1 System.

2 A That's correct. I would not have known.

3 Q You also told us, though, that you did have
4 existing procedures, did you not, for authorizing,
5 ordering, and releasing shipments starting with the
6 Department of the Army, down to Anniston Army Depot, and
7 then MICOM would execute a material release order as
8 authority to prepare and ship; and that each step there's
9 a series of paperwork. Is that a fair assessment?

10 A That's correct.

11 Q And were those procedures and steps and stages
12 followed in these cases?

13 A For the most part, no. But in fact there was
14 a material release order that was accomplished out of
15 MICOM and sent to Anniston. They insisted on it. So
16 there was a portion of the proper paperwork that was
17 done, although it was done in a highly unusual manner
18 without all the normal people interacting on the
19 paperwork, and so forth.

20 Q You told us in April that between the second
21 and third shipments that MICOM had gotten complaints
22 regarding the transfer of ammunition items. If you
23 would, tell us a little bit about that, if you recall
24 what I'm referring to.

25 A Complaints

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1 Q There was a strong DA message to stop dealing
2 with ammo items by telephone calls and other than the
3 normal paperwork. I think you said that was unrelated to
4 these matters, but tell us, if you would, what that was
5 all about.

6 A After the incident that happened down here
7 involving an individual in a van in a gas station, and
8 perhaps some other incidents where there was a perception
9 that the Department of the Army ammunition type items had
10 been obtained surreptitiously or illegally or without any
11 paperwork, a message came out of Department of the Army
12 stating that henceforth there will be no transactions
13 involving any ammunition items, explosives, or related
14 items without the proper paperwork, and specifically with
15 just phone calls. Phone call authorization was
16 unacceptable.

17 Since we were beginning to look like we were
18 proceeding to another shipment--

19 Q That would be the third shipment?

20 A --the third shipment, I went to my boss, Gen.
21 Burbules, showed him this message, and said, I don't
22 think we should execute any more of these until we square
23 it with this message.

24 He agreed. He apparently made some phone
25 calls, or took some action, and we actually got a hard

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1 copy message saying that we could in effect disregard
2 that message for the Snowball exercise.

3 Q Now let's talk about price, and MOICs, and
4 changing the National Stock Numbers, and those issues.

5 You have testified that the basic TOW which
6 was provided for \$3169, and the MOIC you estimated was
7 \$300. I think the DAIG ultimately determined it to be
8 \$352, but that's close enough; so let's just assume that
9 that's correct, giving us \$3469.

10 And, that that was what everybody agreed was
11 the appropriate price.

12 We know now that there came a time when Hughes
13 attempted to remedy the problem of the flyback with the
14 TOW that had taken place that necessitated the MOIC by
15 building the MOIC into the missile. Is that correct?

16 A Well, Hughes was not involved as far as
17 designing or installing the MOIC. It was all done by the
18 Government. We realized we had a so-called "flyback"
19 problem that involved the late ignition of the flight
20 motor, and that we needed some kind of safety device to
21 cut off the igniting of the flight motor if the missile
22 did not go through the proper timing sequence.

23 So in about the 1982 time frame, the Army, not
24 Hughes, came up with this MOIC and, after appropriate
25 tests, we started installation of the MOIC. And during

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1 that period, there was a suspension of firings for
2 certain types of missiles until the safety device was
3 validated.

4 Then we started installing it in missiles. At
5 that time, the firing restriction in training was
6 eliminated by missiles that had this MOIC installed. So
7 it was done essentially by the Government at Anniston.

8 Q You're talking about the assembly line process
9 of taking the completed MOIC and putting--I'm sorry, the
10 completed TOW and putting the MOIC on it--

11 A Right.

12 Q --on an assembly line in Anniston.

13 A Right.

14 Q What I'm saying is, contemporaneous with that,
15 Hughes concluded that it could build a MOIC into the TOW
16 missile. Did that not take place?

17 A Not that I'm aware of. Perhaps there was some
18 proposal by Hughes at the time that they could correct
19 the situation by changing some internal electrical
20 circuitry, or something on the flight motor, but that
21 never came up that I ever heard.

22 I don't know that that was ever proposed
23 seriously, that I heard about.

24 Q Tell me then what explains the AMDF price that
25 shows a basic TOW missile with MOIC of \$8435?

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1 A Okay. It essentially relates to the year of
2 manufacture. The way the AMDF rules work, you look at
3 the latest manufacturing cost, however old it is, and if
4 it is very current then you take the actual manufacturing
5 cost with some other possible add-ons--in this case the
6 government-furnished equipment such as the warhead.

7 The reason for the major difference in the
8 prices was caused by the fact that at the time the MOIC
9 became another version of TOW, they looked at the current
10 manufacturing cost of the basic missile at that time.

11 So now we have jumped from 1974 to 1983-84.
12 Ten years have gone by with a very high inflation and
13 other changes that occurred at the time during the number
14 of years there, and the manufacturing costs made that
15 rather dramatic increase.

16 So taking what was almost the same missile,
17 although some manufacturing stuff had been improved and
18 added--there had been some minor changes to the missile--
19 it had gone from a 3000 meter missile to a 3750 meter
20 missile, which was simply winding another 750 meters of
21 wire on two spools on the back, so that wasn't a dramatic
22 part of the increase, but it was a small part. So the
23 real part of the increase came from the fact that we are
24 10 years later in time with the increased manufacturing
25 costs.

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1 And the way the AMDF price rules work, they
2 simply looked at those costs at the time, plugged that
3 into the Army Catalog, and said that's the price of this
4 version of the TOW missile, which happened to be a basic
5 missile with a MOIC on it.

6 Q And they also gave it a new National Stock
7 Number, didn't they?

8 A That's right.

9 MR. KREUZER: Can I?

10 MR. SAXON: Sure.

11 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

12 BY MR. KREUZER:

13 Q In other words, the first missiles we were
14 talking about, which were the basic TOWs, they didn't
15 have the extra 700 yards of wire--

16 A 750 meters of wire.

17 Q 750 meters of wire.

18 A Right.

19 Q But they were built in--

20 A In the early 1970s.

21 Q Maybe they were built like with 1972 or 1973
22 dollars, huh?

23 A That's right.

24 Q And then in this later lot number we were
25 looking at, 79, was built with 1979 dollars.

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1 A In fact, into the '80s.

2 Q So is this what drove the AMDF? In other
3 words, it's whatever dollars per fiscal year built that
4 weapon, those are the dollars that you charge? Is that
5 what drove it?

6 A That's essentially correct. So it would
7 include the inflation and other increases, but it also
8 includes some amount of increased manufacturing costs,
9 which it's difficult to piece that out of there. But it
10 does include some of that.

11 Q Now is that--but that is the basis upon which
12 prices are established for TOWs?

13 A And all items in the Army Master Data File.

14 Q So in other words, that \$8435 for a later
15 model of the TOW missile was in fact a correct price?

16 A It was a correct price for that National Stock
17 Number missile.

18 Q And is that method of pricing established,
19 accepted, and verified by the Army today?

20 A Yes. Except that because of this incident,
21 the Department of the Army said that maybe we're going to
22 take a look at the way AMDF prices are determined, or
23 this particular rule that says you go back to the last
24 time you procured it or bought it, however long ago that
25 was, and that is the price that's in the catalog. There

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1 is no change for inflation, or any other factor.

2 Q What is in place now as far as rules go about
3 determination of price?

4 A As far as I know, nothing has changed yet. A
5 lot of these are under review, though, by the Department
6 of the Army.

7 Q So the price for the later version of this TOW
8 missile that was stated as 8435 is still officially
9 \$8435, as far as the rules and regulations of the Army go
10 right now today.

11 A Not right now, today. Because of the intense
12 scrutiny on these particular lines in the AMDF, there
13 have been some changes. In fact, they can change every
14 month, or every time some part of the pricing formula
15 changes. So I can't state. But I know in fact that this
16 \$8435 number which was valid at the time of all of the
17 inquiries on this back in the spring, and in fact in the
18 January-February-March time frame, those numbers have now
19 been updated to more correct, current prices.

20 Q And how did they--Who arrived at more correct,
21 current prices? And what do those constitute? Do you
22 know?

23 A It's a somewhat complicated procedure where
24 you have a long sheet that has different lines on it that
25 starts out with the contract manufacturing cost. Then

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1 there are numerous add-ons to that. Then there's a
2 bottom number. And that number we would pass to the
3 individual called the "item manager" in the Logistics
4 Center who may or may not make some change to it.

5 Then he sends it to the catalog facility and
6 it's physically entered into the catalog.

7 Q And how long has this policy been in effect?

8 A Many, many years. It goes back to the 1970s
9 when the prices froze. I think the AMDF came into being
10 in the early 1970s.

11 Q Well, what pricing procedure and philosophy
12 has changed as a result of this business with Project
13 Snowball? And where did that philosophy change?

14 A The best individual to answer that, once
15 again, is this Mr. Mike Sandusky. There was
16 correspondence and inquiry sent to all Army Commodity
17 Commands as a result of this AMDF problem or issue, and
18 suggestions were made about changing the way things were
19 priced.

20 But I cannot confirm what changes were made,
21 but there were some made, and some are still under review
22 as far as I know to change the pricing.

23 Q Was there a suggestion--was one of the
24 suggestions that the costs of the particular fiscal year
25 would no longer be considered as a basis for calculating

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1 the price of a TOW missile?

2 A Well, if you're referring to going back to
3 then-year dollars without any account for inflation, as
4 far as I know they have not considered that. They simply
5 look at the manufacturing cost of whenever the last time
6 it was manufactured, without regard to what are the then-
7 year dollars, or what are the current-year dollars that
8 we pay for that now.

9 That was a controversial point. Why don't we
10 update this catalog with current-year dollars? But the
11 policy that is stated in the Army regulation on this says
12 that, no, you don't do that.

13 When this was reviewed by the senior people in
14 the Department of the Army, they said, we're going to
15 take a look at that. That was many months ago, and I'm
16 not sure what they've done about the policies that are in
17 the Army regulations.

18 **FURTHER EXAMINATION ON BEHALF OF THE SENATE SELECT**

19 **BY MR. SAXON: (Resuming)**

20 Q When did you first learn that if you put a
21 NOIC on a basic TOW missile, it changes the National
22 Stock Number, and therefore the price?

23 A Not until the incident became public in
24 November.

25 Q And is it safe to say that that was the same

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1 time you first learned that there was a price out there
2 in the universe of \$8435 which could be called the right
3 price for a basic TOW with MOIC?

4 A I never heard the number \$8435 until after
5 some of the inquiry started. Perhaps even the December-
6 January time frame.

7 Q Are you aware that all of the shipping
8 documents that came from Anniston Army Depot on the TOW
9 missiles to Red Stone which had prices on them--some of
10 them didn't--but that all of the documents that had
11 prices had \$8435 in it?

12 A I found that out, once again, later. I did
13 not see any of those documents during the mission
14 execution, but I saw them and took note of that later.

15 Q Who did see the documents during the execution
16 phase?

17 [Pause.]

18 A I believe it would have been my Deputy at the
19 time, George Williams, and my head Logistician at the
20 time, Mr. Chris Leachman, who is now the Deputy. Those
21 two individuals, and perhaps one other in the Logistics
22 Office that was involved with the Anniston operation.

23 But I can't confirm that any of them actually
24 saw the documents. I did not, and there wasn't the
25 exchange of documents, as I mentioned. I believe that

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1 one or more of them saw the documents.

2 Q You didn't sign any of the transfer documents
3 yourself?

4 A No, I did not.

5 Q Tell me about the computer system that MICOM
6 has and operates for purposes of giving you data and
7 stock numbers. If you were back in your office at Red
8 Stone, or wherever the computer was, or the data base,
9 whatever you had at your disposal, and you went to punch
10 in a particular stock number for a basic TOW missile,
11 with or without MOIC, however you would do it, what steps
12 would you go through, and what would it spit out to you?

13 A Well, I didn't have any such system with that
14 kind of data directly in my office. Now the Logistics
15 Office had certainly a microfiche reader where they
16 could--the Army Catalog was on microfiche, and they could
17 pull up a card and stick it in this reader, and read the
18 line numbers for any type of TOW missile that they
19 wanted.

20 Q That would be Mr. Leachman's office?

21 A Right. His old office.

22 Q There was no computer connecting the Anniston
23 Army Depot and Red Stone?

24 A With the Missile Logistics Center, but not the
25 Tow Project. They had a direct connection, some kind of

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1 transceiver where they could transceive the materiel
2 release orders on-line between Anniston and the Missile
3 Logistics Center Office, the Item Manager's office.

4 Q And would they have shared the same data base?

5 A To some extent. I don't know whether it would
6 be fully, but they have access to certain parts of it.
7 Certainly the catalog information.

8 Q Let me tell you why I'm asking you. We are
9 not attempting to point the finger at anybody or making
10 any accusations. We are simply trying to understand what
11 happened.

12 Our understanding is that the people at
13 Anniston Army Depot from the early stages when they were
14 required to come up with the price for a basic TOW with
15 MOIC consistently came up with \$8435, and no one at Red
16 Stone came up with that price.

17 We are trying to figure out why, or how. Do
18 you have any hypothesis, or any explanation for that one?

19 A I can speculate. There may have been an
20 inquiry by someone at Anniston saying, how in the world
21 did you guys come up with this other price, to somebody.
22 I never heard that such a thing happened.

23 Q The "other price" being the \$3169?

24 A Right. If they would have--if somebody would
25 have called me, I would have said the price was

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1 determined under very special conditions. You can put
2 anything you want to on the paperwork. I would have been
3 not really surprised if they had said, there's going to
4 be no paperwork. Just go get the missiles and ship them.

5 So the paperwork was rather inconsequential.
6 Now Anniston, being good troopers following good
7 procedures, somewhere along the line looked up the very
8 specific missile that we ended up shipping in the AMDF
9 and said, oh, here's the price, so that's what goes on
10 the paperwork, and got it that way.

11 We, not being in that business of entering
12 such things on the specific documents, didn't take that
13 step. Perhaps if we would have, we might have questioned
14 the price, because, oh, here's a different AMDF price.
15 But we never took that apparently crucial step.

16 Anybody in my office that I know of, or of
17 raising the issue, that there is a different AMDF price.
18 Maybe somebody called and made a comment about what we're
19 going to have to put on this paperwork. I never heard of
20 any such call. But I think they just simply looked up
21 the actual missile and said, well, that's what we're
22 putting on the paperwork, and they may not have even
23 thought anything of it.

24 Q When we met with you in April, you told us
25 that Mr. Leachman subsequently discovered in his notes a

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1 piece of paper apparently in his handwriting with the
2 number \$8435 on it. Is that correct?

3 A That's correct.

4 Q What do you know about that piece of paper?
5 Or what did you and he conclude that it was with
6 reference to?

7 A He really couldn't recall why and under what
8 conditions he wrote that down, but he definitely said it
9 was his handwriting and he could surmise that someone had
10 obviously looked in the AMDF and found this price, and in
11 some way communicated it to him, and he wrote it on this
12 piece of paper. What the circumstances were, he really
13 didn't recall except that it was obviously this other
14 AMDF price that had a direct relationship to the type of
15 missiles that we ended up with.

16 But beyond that, he couldn't recall. And
17 that's just about what he told me when we were talking
18 about this.

19 Q If he did get that price contemporaneous with
20 the pricing and the shipping that took place on these
21 missiles, is it safe to say he never communicated it to
22 you? Is that correct?

23 A He may have--in fact, he did communicate
24 probably with George Williams about the general fact that
25 the price was too low. That was part of the whole effort

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1 to get the price raised. So it was combined together
2 with convincing me to finally go see the General about
3 the price. So he did in fact complain about the price,
4 and it could have started with that \$8435.

5 But he doesn't ever remember that somebody
6 said, this is the correct AMDF price. Go tell Col.
7 Lincoln to go bitch about this price, or something like
8 that. But it was part of a kind of a total effort by
9 several people to make sure that I knew that the price
10 wasn't right, that it was too low, and that we needed to
11 do something about it.

12 But no one ever went to the magic comment
13 about the AMDF price, apparently.

14 Q Let me ask you for the record, I believe I
15 know your answer, but is it safe to say that no one above
16 you in the Army chain of command or elsewhere ever put
17 any pressure on you to intentionally come up with a low
18 price? Is that correct?

19 A That's correct. No pressure at all.

20 Q Were you ever told that the customer--you said
21 you didn't know who that was, the ultimate customer, or
22 even the intermediate customer--were you ever told that
23 the customer had a set ceiling, or a set amount of money
24 that they were working with?

25 A No, but I got a mild impression from Maj.

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1 Simpson that perhaps from the point of view of getting
2 the items as cheap as possible, that after we went
3 through the MOIC exercise and he agreed and he came back
4 and said the customer did agree to a \$300 add-on, that
5 "don't give me any more increases in the price," because
6 the customer isn't going to like it, or some impression
7 along that general line.

8 Q You clearly understood you weren't dealing
9 with big spenders?

10 A That's the impression I got; right.

11 Q Did Maj. Simpson or anyone else ever tell you
12 that the customer had to go back to a source of funds and
13 present each increase, and justify it, and get additional
14 money?

15 A There was one occasion when Maj. Simpson
16 alluded to the fact that his customer was having to go
17 somewhere, or to do some justification step concerning
18 the money, and that made it more complicated, and
19 therefore don't keep coming back with these price
20 increases. There was an alluding to that, as I recall.

21 Q Did he ever tell you that the "somewhere else"
22 they were having to go to was the White House?

23 A No.

24 Q Did you ever discern from anybody that the CIA
25 was involved in this in any way, as an intermediary, as a

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1 broker, a transferring agent, a consumer?

2 A In no way. And I never even suspected it.

3 Q Did you know where the missiles were going
4 once they left Red Stone?

5 A No, I did not.

6 MR. SAXON: I think that is all I've got. Let
7 me see what my colleagues have here.

8 MR. GENZMAN: I have nothing. Thank you, sir.

9 FURTHER EXAMINATION ON BEHALF OF THE

10 HOUSE SELECT COMMITTEE

11 BY MR. KREUZER:

12 Q Col. Lincoln, earlier you mentioned that the
13 Army requested certain TOWs the second time around by
14 specific lot number. Col. Armbright, I guess, gave you
15 that information.

16 And that lot number was a TOW that was built
17 in 1979. Did I understand you to say that that was an
18 improved motor, a newer motor and a longer, 750 meter
19 wire on that? In other words, instead of being 3000
20 meters, it was 3750? So it was a different item.

21 Armbright didn't specify why he wanted it,
22 other than he just wanted that particular lot number?

23 A He knew that the lot numbers that he was
24 specifying were not only the newer missiles, they were
25 the converted ITOWs, and there was no other major

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1 difference in the missile except the warhead, and the
2 fact that they had this 750 meters of additional wire,
3 which made them have that additional range. But the key
4 thing was that they were of much newer manufacture than
5 the previous ones we were dealing with.

6 It was not a single lot number that he
7 specified. In order to come up with the total of 500
8 missiles, he picked out, as I recall, three lot numbers
9 that added up to 500.

10 Q And they all just happened to be these
11 improved TOWs.

12 A Yes.

13 Q But those improved TOWs were ones that you had
14 to convert and go back to the basic heat warhead in order
15 to come up with the basic TOW?

16 A That's correct.

17 Q And that particular--those particular lot
18 numbers included Code Ns, unbeknownst to Anniston? Those
19 were Code N TOWs?

20 A Well, Anniston claims that they--well, at this
21 time we knew they were Code Ns, and we had so informed
22 Maj. Simpson back earlier before the third shipment. But
23 in the passage of time, it had been overlooked that these
24 missiles that were specified by lot number were in fact
25 Code Ns, but that was what was specified, so those were

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1 what were prepared and eventually shipped.

2 Q Now did Anniston come back and bring it to
3 your attention that, hey, these things that were
4 specified by you folks are Code Ns, and you requested
5 Code A?

6 A No, they did not.

7 Q They did not.

8 A But I would presume that it is nonetheless
9 reflected on their paperwork. I didn't see the paperwork
10 for that third transaction.

11 Q So what they did was respond to the latest
12 order--this is what we want--and presumably, whether they
13 knew it was Code N or Code A, they went by the latest
14 order which superceded in their minds the requirement for
15 a Code A missile?

16 A Well, they didn't have any--they responded on
17 a shipment-by-shipment, or individual basis, and this was
18 the third shipment. So we started with, in effect, a
19 clean piece of paper.

20 Okay, what do you want? And we said, we want
21 these lot numbers. And they said, oh, okay, we have
22 those precise missiles, and we will ship those. And so
23 they filled out the paperwork that corresponded to those
24 lot numbers, whatever type they were, and those were what
25 were shipped.

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1 Q Now were all of those Code N?

2 A Yes.

3 Q Would Anniston have known that this was part
4 of Project Snowball?

5 A Yes.

6 Q Then would it be unusual, knowing that, that
7 somebody at Anniston didn't say, wait a minute, this is
8 part of the previous project, you asked for Code A
9 missiles, you should know these are Code N missiles?

10 A Perhaps that might have gone through
11 somebody's mind--not that I know of--but when we were
12 very precise and said, we want these lot numbers,
13 probably the thought process that they went through was,
14 oh, okay, they know all about these lot numbers, because
15 they had previously provided all the details of the lots
16 on the converted missiles, the ones that we took the ITOW
17 warheads off.

18 And so they said, I guess they know what
19 they're getting, is what they were thinking, and there
20 was no reiteration of this Code A/Code N thing.

21 MR. KREUZER: Okay.

22 MR. SAXON: I've got a couple more quick
23 questions.

24 FURTHER EXAMINATION ON BEHALF OF THE

25 SENATE SELECT COMMITTEE

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1 BY MR. SAXON: (Resuming)

2 Q Am I correct that you have never had occasion
3 in the past to put a MOIC on a TOW missile?

4 A Before?

5 Q Before Snowball.

6 A 1981 or '82? Oh, no. We had started
7 installing MOICs in 1983, I believe.

8 Q But I mean you personally had had no
9 involvement with, if I understood you in April, with
10 putting MOICs on the TOWs. Is that incorrect?

11 A Oh, you mean for this, to support this
12 mission?

13 Q No.

14 A Any one of the three shipments?

15 Q Prior to Snowball, had you personally been
16 involved in any project or tasking requirement that
17 required you to get involved in the safety modification
18 of the basic TOWs by putting MOICs on them?

19 A Not other than the fact that we always--almost
20 always have a MOIC assembly line going at Anniston just
21 for our own training purposes. In other words, the
22 routine conversion that's always going on. Other than
23 that, no, I had no other either personal or orders that
24 had gone out on that.

25 Q When you've been involved in the previous

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1 instances where you take TOW missiles from Anniston to
2 transfer somewhere, would it have been normal for you to
3 look at the paperwork that came from Anniston Army Depot?

4 A No. It would be very unusual.

5 Q Someone at a lower level would have done that?

6 A That's right. And perhaps not even anybody in
7 my office. We would merely send a piece of paper over to
8 the Logistics Center, the Item Manager, who would then
9 crank out the appropriate paperwork based on perhaps a
10 DF, or just a piece of plain paper that we send over
11 there and we say, here are the requirements, do these.

12 And then they transfer it to the appropriate
13 materiel lease-order paperwork.

14 Q Did you ever recommend to Maj. Simpson that
15 the basic TOW be upgraded and that the customer be
16 provided either with ITOW or TOW-2?

17 A As I previously stated, at the time we
18 discovered that we did not have enough stockpiled basic
19 TOWs to meet the requirement, I suggested to him that we
20 have these ITOWs, why don't you take them instead of some
21 other alternative. We'll just simply change the mission
22 to these ITOWs.

23 And he came back in a few hours, or a day or
24 so, and said, no, the customer does not accept those, or
25 doesn't want those. In fact, we even made--maybe I even

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1 made some comment about the price, where they could get
2 some kind of a good deal on them or something, but that
3 may have been just an idle comment.

4 Q Did you couch that to Maj. Simpson in the
5 context, though, of solely we don't have enough basic
6 TOWs in Condition Code A; we're going to have to do
7 something different? Or was it a different level of
8 conversation where you said, you know, if we really want
9 to provide a good missile to our customer, we should give
10 them a better missile, and that's ITOW?

11 A Well, probably in the course of several
12 conversations, I said both. Not only do we not have
13 enough Code A basics, but we have this better missile
14 that if you could get the requirement changed, we can
15 give you them. So probably I said both.

16 Q And did you at any point say that the ITOW
17 would cost more?

18 A Maybe not directly, but I think we would both
19 presume, both me and Maj. Simpson would presume that it
20 would obviously cost more.

21 Q And I know you weren't there when he had
22 whatever conversation he had with the customer, which we
23 now know to be the CIA. But is it your understanding
24 that he took to the customer the proposal that the basic
25 TOW be upgraded, that they buy ITOW instead, and that the

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1 customer didn't want to, and the reason had anything to
2 do with the higher price?

3 A I don't know what he did; but I would presume,
4 since he took a matter of a half a day, or a day or so to
5 get back with me after I suggested the ITOWs, to take the
6 ITOWs as is, that he went to somebody, and he came back
7 and said, no, the customer insists on basic TOW missiles.

8 Q Who did you deal with at Anniston Army Depot?

9 A I didn't deal with anybody directly, and I
10 don't recall the names of the people there.

11 Q Who would have? Mr. Williams, first, and then
12 Mr. Leachman?

13 A Mr. Williams, Mr. Leachman, and the Items
14 Managers at the Logistics Center all dealt with the
15 individuals at Anniston.

16 Q In terms of selling old basic TOWs out of our
17 stocks, there are at least two ways you can look at that
18 in terms of whether the Army wins or loses, or whether
19 it's a draw, or a rain delay, or whatever. One is we're
20 selling old TOWs at a cheap price, but we're going to
21 have to go and replace them with admittedly a better TOW,
22 but it's going to cost more, and we'll either wind up
23 paying more, or getting fewer missiles.

24 By that means of logic, the Army loses.

25 The other way to look at it is that the Army

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1 has these old TOWs, they are not in Condition Code A. We
2 can get rid of them. We can get them out of the
3 inventory. And, while we won't get as many, we will get
4 a heck of a lot better missile, so we come out better.

5 As the person who was the TOW Project Manager,
6 how did you view this transaction in terms of whether the
7 Army won or lost, separate and apart from whether you got
8 paid what you were supposed to be paid?

9 A Well, the basics, whether they are Code A or
10 Code N, thinking about them as a part of our war reserve
11 or our stockpile, are very close to being ineffective
12 against any of the current threat tanks. So I would have
13 been pleased to get rid of them under any conditions,
14 even if we get this low or partial reimbursement, to
15 allow us to buy even a much lesser number of the TOW-2s,
16 any way we could get rid of them.

17 That is why we kind of pressed when they said,
18 we want these newer ones with these individual lot
19 numbers. We all kind of pressed to say, are you sure you
20 don't want those old basics that we've been kind of
21 setting aside there?

22 And Col. Armbright said no, the customer very
23 specifically wants these lot number missiles. So we
24 said, okay.

25 Q For the record, you had no involvement with

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1 the HAWK repair parts' Project Focus?

2 A No, I did not. I knew nothing about it.

3 MR. SAXON: I think that's all I've got.

4 Gentlemen, do you have anything else?

5 MR. GENZMAN: Thank you, again.

6 MR. KREUZER: Thank you.

7 MR. SAXON: Colonel, on behalf of the Senate

8 Committee, and I guess I can say this for the House

9 Committee, we thank you for your time. You have spent a

10 lot of time with us on two occasions. You have

11 voluntarily come forward, and you have been very helpful.

12 THE WITNESS: Glad to do it. Glad to help. I

13 would like to review and sign my deposition.

14

15

SIGNATURE OF THE WITNESS

16

SUBSCRIBED AND SWORN to before me this _____ day

17

of _____, 1987.

18

19

NOTARY PUBLIC

20

My Commission Expires: _____

21

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1 RPTS CANTOR

2 DCMN GLASSNAP

3

4 DEPOSITION OF KRISHNA STEPHAN LITLEDAL

5

6 Tuesday, September 8, 1987

7

8 House of Representatives,

9 Select Committee to Investigate

10 Covert Arms Transactions with

11 Iran,

12 Washington, D.C.

13

14 The select committee met, pursuant to call, at 2:30 p.m.,

15 in B-352, Rayburn House Office Building, Tom Fryman (Staff

16 Counsel) presiding.

17 Present: Tom Fryman, Staff Counsel; Ken Buck, Assistant

18 Minority Counsel; W. Thomas McGough, Jr., Associate Counsel,

19 Senate Committee.

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 by N. Menan, National Security Council

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20 MR. FRYMAN: On the record.

21 The reporter has informed counsel that he is a
22 notary public in the State of Maryland and not a notary
23 public in the District of Columbia. Counsel have stipulated
24 that it is acceptable to have the witness sworn by the
25 reporter today in the capacity that he has disclosed to
26 counsel.

27 MR. TOURISH: That is correct.

28 MR. FRYMAN: If the reporter would now swear the
29 witness.

30 Whereupon,

31 KRISHNA STEPHAN LITLEDALE

32 was called for as a witness and, having been duly sworn, was
33 examined and testified as follows:

34 EXAMINATION BY COUNSEL FOR THE SELECT COMMITTEE

35 BY MR. FRYMAN:

36 Q On the record. Would you state your full name for
37 the record please.

38 A Krishna Stephan Littledale. I am going to trust
39 that the fact that the House has misspelled my name and that
40 the Senate has abbreviated my name doesn't make any
41 difference regarding my immunity order.

42 Q In what city do you reside, Mr. Littledale?

43 A [REDACTED] which is a subdivision of Prince
44 Frederick, Maryland.

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45 . Q [REDACTED]
46 . A [REDACTED]
47 [REDACTED]
48 . Q By whom are you employed?
49 . A Myself.
50 . Q What do you do?
51 . A I am a fund-raiser.
52 . Q What do you raise funds for?
53 . A To support more aid for the Freedom Fighters in
54 Nicaragua.
55 . Q Where were you born?
56 . A Harwich Port, Massachusetts.
57 . Q What was your date of birth?
58 . A July 2, 1957.
59 . Q Where did you attend college?
60 . A I attended college at Bucknell University in
61 Lewisburg, Pennsylvania, and George Washington University in
62 Washington, D.C.
63 . Q Did you obtain a degree?
64 . A No.
65 . Q What year did you attend Bucknell and George
66 Washington?
67 . A September, 1975 to I guess either May or June of
68 1986 at Bucknell University.
69 . Q 1975 to 1986?

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70 . A Oh, my. '75 to '76. That would be a long time.
71 wouldn't it? And George Washington was from January of 1977
72 to, I think, May or June of 1979, I think.
73 . Q And I take it you have not attended any graduate
74 school, is that correct?
75 . A No.
76 . Q Have you served in the military?
77 . A In the United States Army National Guard, and also
78 during basic and advanced training in the Regular Army at
79 Fort Benning, Georgia.
80 . Q Are you now a member of the National Guard?
81 . A I am.
82 . Q What is your rank?
83 . A Corporal.
84 . Q What is your social security number?
85 . A [REDACTED]
86 . Q Am I correct in understanding from your answer that
87 the last time you were enrolled in any educational
88 institution was in or around June of 1979?
89 . A I wouldn't really say that. I attended the Army
90 Chemical Warfare School.
91 . Q Apart from military training.
92 . A Yes, apart from military training, that is correct.
93 . Q Did there come a time when you were employed by an
94 individual named Carl Channell or an organization with which

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95 | he was associated?

96 | A Yes, there did.

97 | Q When were you first employed by Mr. Channell or one

98 | of his organizations?

99 | A On or about August 19 of 1985.

100 | Q Between June of 1979, when you ended your studies

101 | at George Washington, and August of 1985, when you became

102 | employed by Mr. Channell, would you briefly describe the

103 | jobs that you held in that period.

104 | A Until approximately December, 1979, computer

105 | operator, Connaught Corporation, 4200 Wisconsin Avenue,

106 | Northwest, Washington, D.C.; December, 1979 until early--wait

107 | a minute, now I am getting confused. Maybe I made a mistake

108 | here. Excuse me, I made a mistake there. I got out of GW

109 | in May or June of '78, not '79, and Connaught Corporation

110 | was May or June of '78 until December of '78, and then I was

111 | employed--this is going to be tricky figuring it all out. I

112 | was unemployed for a period of about a month. In early

113 | '79--I am going to get it right here--I worked for about a

114 | month at the Herman's Sporting Goods down here, lower

115 | Northwest Washington. Then after that for about--oh, yes,

116 | then for about two months in the spring of '79 I worked as a

117 | telephone salesman up here in Bethesda, and then the summer

118 | of 1979 I worked as a legal clerk at Shannon and Morlay,

119 | which is over here at the corner of 17th and K, which is now

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120 Known as Morley, Caskin & Generally.

121 In October of 1979, I moved to Sharon, Connecticut,

122 where I worked as an estimating manager, and also attended

123 courses to receive a real estate license. On October 31

124 of--I did that for a year, there we go, which brings us to

125 1980. On October 31, Halloween evening of 1980, I guess it

126 was 31, maybe it is 30, however many days, I moved back to a

127 house that I rented with my wife in South Arlington. I

128 worked for Arlington Times Telemarketing Corporation for a

129 couple of months, I guess November and December of 1980.

130 In February of 1981, I went to work for the Malay

131 Corporation, Caribbean Holidays over here at the corner of

132 15th and L, worked there until July of 1985. In July of

133 1985, the company closed down several of its regional

134 offices, including Washington, and that put me back on the

135 unemployment lines.

136 So I went to Bermuda for two weeks' vacation and

137 then came back here to go to work for Spitz.

138 Q What had you done with the Malay Corporation?

139 A Oh, I started off as a reservationist and worked my

140 way up to regional manager.

141 Q And what sort of organization was that?

142 A Selling package tours to travel agents.

143 Q Do you know how you obtained the job with Mr.

144 Channell in August of 1985?

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145 A Sure. In March, I guess it was, of 1985, my wife's
146 public relations firm was doing some work on the Nicaraguan
147 refugee fund dinner, and she was going to work late there
148 one night, because they had to get out this blasted mailing,
149 and so she asked me if I would come over and help, and I
150 alluded as to how if she would provide a fresh pack of
151 cigarettes and a bottle of wine, I would probably be willing
152 to assist them, and I wandered on over there, and in my
153 usual cheerful fashion, I said "Okay, you can all quit
154 working now, the savior is here", or words to that effect,
155 at which point Dan Conrad, who was working there, started
156 talking with me.

157 He was impressed by my cocky attitude, and he and I
158 spent the next couple of months talking sporadically about
159 myself and perhaps some of my employees at Caribbean
160 Holidays coming over to work for Mepl, and we negotiated
161 back and forth and never came up with an arrangement that
162 made me terribly happy; and after Haley Caribbean closed, I
163 went trotting on up to New York to interview some folks, and
164 Dan Conrad called my home and said, "Gee whiz, where is
165 Kris, we can't reach him at his office. What is going on?
166 Blah, blah, blah, so my wife called me in New Jersey, where
167 I was staying at a hotel, because my car had broken down on
168 the Jersey Turnpike, and she said, "Conrad is looking for
169 you, call him."

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170 So I called up Conrad, and he said, "What the hell
171 are you doing going up there to interview in New York? We
172 want you to come work for us." And I said something along
173 the lines of, "Well, you know, you haven't made me an offer
174 I am happy enough with." He said, "Get the hell out of
175 there and come on back here, and we will make you an offer
176 you are happy with", or words to that effect.

177 And so I finished my business in New York and came
178 back here and had a sort of informal interview with him. We
179 chatted a little bit. He said the long and short of it is,
180 "How much money do you want?" And I told him and he said,
181 "Okay, fine, you are hired." I said, "Well, I am not
182 hired until I take two weeks' vacation in Bermuda." He
183 said, "Fine, come to work for us after you get back from
184 Bermuda", which I did.

185 Q How much money did you tell him you wanted?

186 A \$28,000.

187 Q And that is what he agreed to pay you?

188 A Yes.

189 Q And were you to receive any compensation other than
190 a base salary of \$28,000?

191 A Nothing that I can think of.

192 Q You weren't expecting to receive any sort of
193 commission--

194 A No.

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195 . Q --in addition to the base salary?
196 . A Absolutely not.
197 . Q Now you mentioned that your wife worked for a
198 public relations firm that was involved in I take it the
199 Nicaraguan refugee fund dinner, is that correct?
200 . A That is correct.
201 . Q Which firm is that?
202 . A Minor and Fraser Public Affairs.
203 . Q What is your wife's position there?
204 . A She is Vice President. She is now anyway.
205 . Q She is still with that firm?
206 . A She is, although its name is changed now. It is
207 now Minor, Fraser and Gabriel Public Affairs.
208 . Q Does she have responsibilities in any particular
209 area as a Vice President of that firm?
210 . A Well, it has changed a lot, because she has just
211 come back from having our first child, and they are screwing
212 with her responsibilities an awful lot, and she is
213 alternating any negotiating with them and threatening them
214 with a lawsuit for discrimination, so at present her
215 responsibilities are kind of up in the air.
216 . Q Until she left to have the child, what was the area
217 of her responsibilities?
218 . A She was sort of in charge of support staff and
219 bookkeeping and stuff like that.

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220 . Q By what name has she been employed at Minor and
221 Fraser? Does she use your last name?
222 . A Yes, Margaret Littledale.
223 . Q You eventually commenced your employment with Mr.
224 Channell on August 19, 1985.
225 . A I believe it was August 19, yes.
226 . Q And how long did you continue to be employed by Mr.
227 Channell or one of his organizations?
228 . A Until the end of May of this year.
229 . Q During your period of employment, did your duties
230 vary or did they basically remain the same?
231 . A Pretty much the same, as a fund-raiser.
232 . Q Would you briefly describe what was involved in
233 that?
234 . A Call people on the telephone, tell them what you
235 are doing and ask them to give money.
236 . Q And that was basically your job responsibility
237 through the period of time you worked for Mr. Channell?
238 . A Yes.
239 . Q Was one of the programs that Mr. Channell was
240 involved in when you went to work there in 1985 the raising
241 of funds for the Resistance in Nicaragua?
242 . A Would you specify what you mean by "for the
243 Resistance"?
244 . Q Did you understand that Mr. Channell's organization

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245] was raising funds to be transferred to representatives of
246 the--for fighting or opposed to the Sandinista government in
247 Nicaragua?

248 . A There was a time during my employment there when I
249 came to understand that certain funds were being raised for
250 the specific purpose of transferring money to the
251 Resistance for the purpose of purchasing food and other
252 humanitarian items.

253 . Q When did you come to understand that?

254 . A The food project took place, I guess, in the summer
255 of 1986. That was, I mean, that was specifically going to
256 be transferred directly to the Resistance for the purpose of
257 purchasing food. You all have all my documents. There are
258 probably some letters in there regarding food and that sort
259 of thing, also some of my fund-raising records will indicate
260 that.

261 . Q And you mentioned you understood funds were being
262 raised for certain purposes beyond the purchase of food?

263 . A Oh, yes.

264 . Q What were those purposes?

265 . A Well, when I first went to work there--but these are
266 not funds that were being transferred directly to the
267 Resistance. Are we still on funds that are being given to
268 us and thence directly to the Resistance, or are we moving
269 to funds that are used to support the Resistance in one way

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270 or another but which are not being transferred directly to
271 them?

272 . Q I think it is important we are communicating on the
273 same terms, Mr. Littledale. Let me approach it another way.
274 . Did you understand that some of the funds that you
275 were involved in raising were being used to pay for a public
276 education campaign?

277 . A Absolutely.

278 . Q Related to Nicaragua?

279 . A That was certainly what a portion of the funds we
280 raised were being used for.

281 . Q And was that both in 1985 and 1986?

282 . A Yes.

283 . Q And in addition to the public education campaign,
284 did you understand that you were also raising funds for
285 lobbying activities in connection with aid for the contras?

286 . A Yes.

287 . Q Or the assistance in Nicaragua?

288 . A Yes.

289 . Q Apart from the funds that you were raising for
290 public education and for lobbying, was it your understanding
291 that you were raising other funds?

292 . A Absolutely.

293 . Q For other purposes involving Nicaragua?

294 . A Absolutely.

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295 . Q What were the other purposes that you understood
296 you were raising funds for?

297 . A When I first got there, we were asking people to
298 come to meetings in the White House complex where they would
299 be addressed by members of the administration, and the
300 stated purpose of those funds was to support an airlift of
301 the supplies purchased with the \$27 million in nonlethal aid
302 that Congress had appropriated in April of 1985, I believe,
303 to support an airlift of those supplies from storehouses
304 generally in Honduras to actual resistance forces in the
305 field. That program was carried on for quite a while.

306 . I came to understand in, I believe it was October
307 of 1985, but I can't be certain it was October, it might
308 have been November, that funds were also being raised for
309 the purchase of lethal aid, lethal equipment for the freedom
310 fighters.

311 . Let's see, what else did we raise money for? We
312 also raised some money in the summer of 1986, spring I guess
313 of 1986, to support the President's aim regarding the
314 Strategic Defense Initiative.

315 . Q My question is directed to Nicaragua.

316 . A Strictly Nicaragua. In the summer of 1986, we also
317 raised money that was for the specific purpose of purchasing
318 food for the freedom fighters. If I could see some of my
319 records, it might help refresh my memory, but I believe we

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320 also raised some money for food, I think--I can't swear to
321 it--in the fall of 1986, October mostly I believe, maybe
322 September as well.

323 We raised in the spring of 1986 some money for the
324 purpose of purchasing a number of Maule aircraft, which were
325 to be used for medevac and resupply missions. That is all I
326 can think of right now regarding fund-raising that relates
327 to the Nicaraguan Resistance.

328 Q So to make sure I understand your answer, Mr.
329 Littledale, apart from funds raised for public education and
330 lobbying, you recall funds were raised for, one, an airlift
331 of supplies; two, lethal equipment; three, food; and, four,
332 Maule aircraft?

333 A Oh, and some medicine, too. I just remembered that,
334 some medicine in March and April of 1986.

335 Q And fifth, medicina. Can you recall anything else?

336 A Not at the moment. It may come to me the way the
337 medicine did, and if so, I will sing out.

338 Q I want to return for a moment to the areas of
339 public education and lobbying that I mentioned at the
340 beginning, and you said that you recalled raising funds in
341 those areas. Other than fund-raising, did you have any role
342 in the program of the Channell organizations with respect to
343 the public education program or the lobbying activities?

344 A Well, I sat in on a number of meetings regarding

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345 strategy and that sort of thing for the education campaign,
346 lobbying campaign. When we are looking at drafts of
347 television ads that were going to be produced, you know, we
348 would all sort of talk about maybe we should change this,
349 maybe we should change that, and if Spitz came up with a
350 television ad or the wording for a television ad, he would
351 have me read it while he timed it to see if it took more or
352 less than 30 seconds, but I wouldn't really call that a role
353 in it. That is just sort of--

354 Q Other than meetings where you read the copy for the
355 advertisements with Mr. Channell, what strategy meetings do
356 you recall participating in?

357 A It happened almost every day. I mean, Spitz would
358 have sort of staff meetings several times a week over lunch,
359 in which the whole program would be discussed, and we would
360 all put our little input in, and generally after a little
361 bit of talk on that subject, the conversation would come
362 around to the main issue, which is how are we going to pay
363 for this? How much money are you going to raise today?
364 That is what I mean by strategy sessions.

365 Q Did you participate in any meetings with Dan
366 Kuykendall?

367 A Sure.

368 Q What were those meetings about?

369 A Oh, several times we had lunch, and he would

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370 | discuss what he was doing with regard to lobbying and that
 371 | sort of thing. He sat in while Spitz and I and he worked on
 372 | rewording some draft ads to be done by Sentinel, the
 373 | lobbying group. That was really mainly it. This is prior
 374 | to November of 1986?

375 | . Q Yes. I will come back to post-November, 1986.
 376 | . A Good.

377 | . Q But for the moment, yes, before November, 1986.
 378 | . A November 21 I guess, or was it 25, somewhere in
 379 | there.

380 | . Q Did you participate in any meetings with Steve
 381 | Cook?

382 | . A The last name doesn't ring a bell.
 383 | . Q Of the Edelman Organization.

384 | . A Not that I recall. My association with the stuff
 385 | that Edelman did for us was, as I remember it, almost
 386 | strictly limited to my being at press conferences that
 387 | Edelman set up. I don't recall having anything to do with
 388 | any of the Edelman crowd aside from those press conferences.

389 | . Q Did you participate in any meetings with Penn
 390 | Kimble?

391 | . A I have a recollection of meeting him, but I don't
 392 | recall specifically when I met him, and I don't recall
 393 | anything more than the most casual of contact with him.

394 | . Q Did you participate in any meetings with Bruce

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395 Cameron?

396 . A Pretty much the same as--who is the guy we just did?
397 Pretty much the same as K^Kable. I think I probably met him
398 at some point, but I don't recall the circumstances, and I
399 don't recall having anything more than extremely casual
400 contact with him.

401 . Q Did you participate in any meetings with Jack
402 Lichtenstain?

403 . A I don't even think I ever met him. See, you guys
404 have got a real small little gold fish here.

405 . Q Did you participate in any meetings with Martin
406 Artiano?

407 . A I don't even know who he is.

408 . Q So that, to the best of your recollection, the
409 answer is no.

410 . A That is correct, to the best of my recollection, I
411 don't recall ever having even met the gentleman.

412 . Q Did you participate in any meetings with David
413 Fischer?

414 . A Well, of course, in January of 1986, we had a
415 meeting in the Roosevelt Room at the White House, and he was
416 there. I don't believe I said a word to him then. The only
417 time I remember having any conversation with Mr. Fischer was
418 in a meeting that took place sometime in 1986. I think it
419 was the latter half of 1986, and it wasn't so much I was in

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420 a meeting with him, or anything like that, as Spitz wanted
421 me to be there for a moment to sort of make a point of
422 reminding him that we were trying to set up a meeting
423 between Don Regan and one of our contributors, but aside
424 from my saying, "'Gee whiz, what is happening with that
425 meeting'", I don't recall having any conversation or
426 anything else with David Fischer.

427 . 2 Were you aware that Mr. Channell had retained Minor
428 and Fraser to provide services in connection with the
429 lobbying campaign in 1986 with respect to Nicaragua?

430 . 1 I knew that their services had been retained with
431 respect to the overall program of support for the Nicaraguan
432 assistance. Specifically whether it was with regard to the
433 lobbying campaign or the public education campaign, I don't
434 remember.

435 . 2 Did you participate in any meetings with any
436 representatives of Minor and Fraser with regard to that
437 program or their assistance to Mr. Channell's organizations?

438 . 1 My wife asked me to make sure that a bill for the
439 second half of the contract got paid as soon as possible
440 please, because "'We need to make payroll.'" That is the
441 sum of my interaction between the two.

442 . 2 Do you recall, Mr. Littledale, participating in any
443 meeting in connection with the public education or lobbying
444 campaign where there was a discussion of targeting

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445 Congressmen?

446 A There were lots of discussions with regard to
447 targeting Congressmen, but you are asking sort of an
448 unrealistic question inasmuch as Spitz was head of both the
449 lobbying organization and the National Endowment for the
450 Preservation of Liberty, which was of course the educational
451 organization, how do you say when you are discussing
452 targeting Congressmen as part of one group or the other?

453 The way I always looked at it was this way. Well,
454 if we are talking about public education, then we are having
455 a National Endowment for the Preservation of Liberty
456 meeting, Spitz Channell, President, and presiding, whereas
457 if he starts talking about targeting Congressmen, then
458 obviously we are now having a Sentinel meeting, Spitz
459 Channell, President, presiding.

460 Q I think Mr. Littledale, you may have misunderstood
461 my question. My question was simply, did you participate in
462 any meeting where the subject was the targeting of
463 Congressmen?

464 A Oh, yes, absolutely.

465 Q So you did participate in a number of those?

466 A Absolutely. I can't remember how many, but there
467 were plenty of them.

468 Q And were those meetings that included Mr. Channell?

469 A Yes.

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470 . Q Did they include Mr. Kuykendall?

471 . A The meeting that I recall is where we sat down and

472 Mr. Channell and myself, Mr. Kuykendall, were reviewing some

473 draft television ads, and Mr. Kuykendall was giving us his

474 advice on how to change the wording so as not to offend

475 certain Congressmen and hopefully--as opposed to just pissing

476 them off and getting their bowels in an uproar--hopefully

477 getting them to come around to our way of thinking, and sure

478 I was at one meeting in which we sort of went over these

479 television ads. I can't say for sure if during the course

480 of that meeting the word "target such and such a

481 Congressman" came up. I don't know if the specific wording

482 "targeting" came up during that meeting.

483 . Q What do you understand the phrase "targeting

484 Congressmen" to mean?

485 . A Well, we have a message that we want to affect a

486 certain Congressman with, and so we target him with the

487 message.

488 . Q What does that mean in terms of implementation of

489 your program?

490 . A It means you run the television ads in his

491 district.

492 . Q And that was the purpose of these meetings that you

493 have described, to select districts or select areas where

494 you ran television ads?

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495 . A Sure, although I didn't participate in the
496 selection.

497 . Q Who did?

498 . A Oh, hell, I don't know who did. I was never at a
499 meeting in which they actually sat down and said, "All
500 right, we are going to do so and so and so and so and so and
501 so and so and so," but it seems to me that--well, no,
502 Kuykendall and IBC, as an entity, were the people that made
503 the specific selections, although, of course, there is an
504 exception to that, which is the Michael Barnes ads that were
505 run by Sentinel. We all, of course, wanted to nail Barnes'
506 ass, and those were run for the purpose of specifically--I
507 will have to explain the whole thing to you.

508 . The ads that were run about Barnes were rather
509 nasty. They said specifically he is not supporting the
510 President, whereas the ads that were run on other
511 Congressmen said "hasn't made up his mind yet." The idea
512 was that by running them on Barnes here on Washington
513 television, all these good Congressmen, all these other
514 Congressmen would see the ads and say "Oh, how nice, they
515 are not being quite so nasty to me," and that sort of
516 difference.

517 . Q Who made the decisions about the Barnes campaign?

518 . A Who made what decisions about it?

519 . Q About the type of ads to put money into the Barnes

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520 campaign.

521 . A In other words, who chose the wording?

522 . Q Let me start with the more basic question. Who
 523 made the decision that you would participate in the Barnes
 524 campaign? Was that Mr. Channell's decision?

525 . A Yes. We are not speaking now about the--are we
 526 speaking now about the ads run by Sentinel that were
 527 lobbying ads, or are we speaking now about the ads run by
 528 the Antiterrorism American Committee which were political
 529 campaign ads? We are using the word "campaign" and I am
 530 being careful here.

531 . Q My question is a follow-up on your answer that
 532 referred to the Barnes--

533 . A The ads I was referring to were the Sentinel ads,
 534 which were telling people to call Michael Barnes and tell
 535 him to support the President on Nicaragua. Those were run
 536 by the Sentinel, and they are totally unrelated to ads run
 537 by the Antiterrorism American Committee, and specifically
 538 the ads run--it is kind of funny, nobody ever caught onto
 539 this. We ran an ad, Antiterrorism American Committee ran
 540 an ad comparing Barbara Mikulski and Linda Chavez. The
 541 purpose of these ads was not to have anything to do with
 542 Barbara Mikulski. It was to damage Michael Barnes.

543 . Q These were ads run by the Antiterrorism American
 544 Committee?

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545 . A Correct.

546 . Q And how would they damage Mr. Barnes?

547 . A Well, they were run in the last two weeks before

548 the Democratic Primary, and, of course, Barnes was

549 frantically trying to raise money for a last-minute TV

550 blitz, and by running ads that say in November you are going

551 to get to vote for one of these two, Mikulski and Chavez,

552 and here is what they stand for, you give the Democratic

553 Primary voters the impression that Barnes is already out of

554 it, and thereby you hurt his fund-raising efforts for his

555 last-minute television blitz and make everybody think, "Ah-

556 ah, we will forget about Barnes." That was the purpose of

557 those.

558 . Q Was this strategy discussed among employees of Mr.

559 Channell's organization?

560 . A Yes.

561 . Q With whom did you discuss this strategy?

562 . A I am having trouble remembering the specific

563 meeting, but there were a number of times while we were

564 raising money for it, in which we discussed the strategy so

565 that we could explain it to contributors and potential

566 contributors, so that they would want to give money.

567 . Q Did you discuss this with Mr. Cliff Smith?

568 . A Probably. I don't recall specifically when, but I

569 am sure that the strategy came up at a time when Mr. Smith

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570 and I were in the same room.

571 . Q Did you discuss this strategy with Mr. Channell?

572 . A Sure, in the same way as I described it with Mr.

573 Smith.

574 . Q With Mr. Conrad, Dan Conrad?

575 . A Yes, I am sure. He was certainly in the room at

576 the time.

577 . Q Did you discuss this strategy with Mr. Kuykendall?

578 . A I don't recall doing so, but it is entirely

579 possible that it took place.

580 . Q Did you discuss this strategy with Rich Miller?

581 . A It is possible that we did so, but I don't recall a

582 specific time.

583 . Q Do you know Oliver North?

584 . A I wouldn't say that I know him. I have met the

585 man, a great pleasure, too.

586 . Q Did you ever discuss the Barnes campaign in any way

587 with Colonel North?

588 . A Absolutely not.

589 . Q You distinguish between the Antiterrorism American

590 Campaign advertisements for Congressman Barnes, which I

591 believe you indicated ran in the fall of 1986, is that

592 correct?

593 . A That is correct, well, late August or early

594 September, because if I remember correctly, one of you all

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595 | probably remembers the Democratic Primary in '86 was right
596 | at the beginning of September in Maryland in '86, wasn't it?
597 | . Q Apart from the exact date, your recollection.
598 | . A Late summer-early fall.
599 | . Q In August or September of 1986?
600 | . A Yes.
601 | . Q You distinguished those advertisements from the
602 | Sentinel advertisements which ran earlier in the spring of
603 | 1986.
604 | . A Correct.
605 | . Q Involving Congressman Barnes, is that correct?
606 | . A Correct.
607 | . Q And it was your understanding that the Sentinel
608 | advertisements focused more on the Nicaraguan aid vote
609 | issue?
610 | . A They focused strictly on the issue of aid to the
611 | contras.
612 | . Q And what was the strategy with respect to those
613 | ads?
614 | . A I thought I explained it earlier. The idea was the
615 | wording, the Sentinel, the lobbying organization ran ads in
616 | a number of Congressmen's districts, specifically talking
617 | about specific Congressmen's stands on the issue of aid to
618 | the ~~Freedom~~ fighters, and the wording--I don't recall the
619 | exact wording, you probably have all got copies of the

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620 tapes, but the gist of the ads that were run on all the
621 Congressmen except Barnes was so and so, Congressman,
622 whatever, hasn't yet decided, or something like that,
623 whether to support the President, call him and tell him to,
624 whereas the Barnes ads, which were rather more harsh in
625 tone, said "Isn't supporting the President." Notice the
626 difference?

627 Hasn't made up his mind, and isn't--call him, wake
628 him up. And the idea was that Barnes, of course, being one
629 of the foremost critics of aid to the freedom fighters, and
630 being very conveniently located right here in the Washington
631 Metropolitan region, Congressmen would see the ads about
632 Barnes, take note of the difference between the ads that
633 were running about them and the ads that were running about
634 Barnes and would be more disposed to help us on the theory,
635 well, these people could get really nasty if they wanted to,
636 but they are not being nasty. They are just saying "Hey,
637 guys, come on" and that was the strategy there.

638 2 With whom did you discuss this strategy?

639 A Kuykendall and Spitz and myself discussed it a
640 number of times, because I remember Kuykendall saying that
641 he was going to be bringing copies of the ads to show to
642 some of the Congressmen that were having them run on them.
643 You know, see this, this is running in the district right
644 now. Wouldn't you like this to go away?

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645 . Well, then, just go ahead and say you are going to
646 support aid to the Freedom Fighters.

647 . Q But the ad that was being run in the Congressman's
648 district with whom Mr. Kuykendall was conferring, I take it
649 that was the relatively soft ad?

650 . A Yes, exactly.

651 . Q And not the hard ad?

652 . A Exactly.

653 . Q Was Mr. Kuykendall also to indicate that if they
654 didn't change that the hard ad would start running in their
655 district as well?

656 . A I don't recall him ever--it ever being discussed
657 that he was going to threaten them in that way. The idea
658 was you don't need to say that to a Congressman. If he is
659 seeing the Barnes ads, he knows what can happen. You don't
660 need to say it.

661 . Q Did you discuss this strategy with anyone from the
662 Goodman agency?

663 . A I may have given somebody from the Goodman agency
664 some instructions over the phone on how to change some of
665 the ads, or something like that, but I don't recall
666 discussing them in any great detail with anybody from
667 Goodman.

668 . Q What was the relationship, if any, Mr. Littladale,
669 between the ads that were sponsored by Sentinel and the

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670 other public education advertisements that were sponsored by
671 the National Endowment for the Preservation of Liberty or
672 NEPL?

673 . A Spitz was head of both organizations, and Cliff and
674 myself and ^SSpitz and Jane McLoughlin raised the money to
675 finance both.

676 . Q But was there a coordinated strategy in using the
677 NEPL ads together with the Sentinel ads to try to achieve a
678 favorable vote in the Congress?

679 . A I don't think it was a mistake that many of the
680 educational ads ran in the same areas as the lobbying ads
681 did. If you are trying to describe a 1-2 punch or something
682 like that, I don't recall ever sitting down and discussing
683 it as such.

684 . Q What was the objective of the educational ads, as
685 you understood it?

686 . A To make people more favorable to the idea of the
687 Nicaraguan ~~R~~esistance, to make people dislike the Sandinista
688 government and like the contras, to educate them in such a
689 way that they understood why the President wanted aid for
690 the ~~F~~reedom ~~F~~ighters.

691 . Q What was the criteria for selecting media markets
692 for running the educational ads?

693 . A Areas of the country where you have people that are
694 generally pro-defense, anti-communist, and thereby an

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695 audience that is going to be listening and likely to come
696 around to your point of view.

697 . Q Was the presence of a potential swing vote another
698 criteria for selecting a media market, a swing Congressional
699 vote?

700 . A Inasmuch as I never sat down and had anything to do
701 with helping to select the areas where they ran in, I can't
702 say absolutely positively one way or the other. I don't
703 think it would be unfair to say that, but I can't give you
704 an absolutely definitive answer, because I was not in a
705 position to be making decisions like that, and my advice was
706 not sought on decisions like that. I was a fund-raiser and
707 not a strategist.

708 . Q Going back to a question I asked you a few minutes
709 ago about your conversations or meetings with Mr.
710 Kuykendall, we agreed that your initial answer would be
711 limited to meetings up to a certain date in November, 1986.
712 Have you been involved in meetings with Mr. Kuykendall since
713 approximately November 20, 1986?

714 . A Yes.

715 . Q What has been the subject matter of those meetings?

716 . A Preparing some kind of defense against the wild and
717 ridiculous charges printed in the Lowell, Massachusetts Sun
718 to the effect that proceeds from arms sales to Iran had been
719 funneled to MEPL or other Channell entities, and had thence

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720 been used for the 1986 political campaign. Those charges,
721 if you remember, were made in December of 1985 and were
722 totally groundless.

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723 RPTS MCGINN

724 DCHM SPRADLING

725 [3:30 p.m.]

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726

727 . Q You mean in December of 1986?

728 . A '86. I'm sorry. Yes. Were made in December of

729 1986 and were totally groundless and we had at least one

730 specific meeting that I recall in which we were going over a

731 strategy for trying to make Congressmen here on the Hill

732 aware that that was a bunch of BS and, thereby, try to help

733 diffuse some of the investigations of us that were taking

734 place.

735 . Q How do you know those changes were groundless?

736 . A How do I know they were groundless?

737 . Q Yes.

738 . A Because I saw the book that was prepared of all the

739 monias received by the National Endowment and if you will

740 look at those books, you will see that they ain't no money

741 there from Iran.

742 . Q And that's the basis for your belief that the

743 charges are groundless, the book that you reviewed?

744 . A Yes.

745 . Q Who prepared that book?

746 . A The staff in general. I don't remember exactly

747 who. I think it was prepared by our accountants, but I'm

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748 not sure.

749 Q Was Rich Miller involved in preparing that book?

750 A Probably.

751 Q What other meetings have you been involved in with

752 Mr. Kuykendall since November, 1986?

753 A The only other one I recall--can you excuse me for

754 just a moment?

755 Q Sure.

756 A Okay. The only other meeting that I recall was in

757 April of this year and Mr. Channell had made a proffer to

758 Judge Walsh's office essentially whereby he would plead

759 guilty to one count of something or other--I have forgotten

760 the specific terms--and Mr. Conrad, Mr. Smith and myself

761 would receive immunity from Judge Walsh's office. Shortly

762 after he made his proffer Judge Walsh's office contacted me

763 or contacted my attorney and through my attorney,

764 essentially offered me immunity if I would come in and

765 testify against Mr. Channell, Mr. Conrad and Mr. Smith, and

766 anybody else they could think of, thereby giving them, I

767 suppose, enough ammunition to put a little bit more pressure

768 on Spitz to plead guilty to more than just one count.

769 I discussed that with my attorney and my family at

770 some length and came to the conclusion that we should tell

771 Mr. Walsh's office to sit on a hot rod and rotate and we did

772 so. I had lunch shortly after my attorney provided my

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773 response to Judge Walsh's office and at that lunch present
774 were Mr. Kuykendall, I believe Mrs. Kuykendall, Spitz
775 Channall and I think some other people, but I don't remember
776 whom and Mr. Channell said to me at some point during the
777 course of the lunch--he had learned from his attorney that I
778 had rejected this offer from the prosecutor's office and he
779 said to me I understand we have something to thank you for.
780 And I smiled and said something like what the hell. And
781 there was really no further discussion of it there but Mr.
782 Kuykendall was there and it related to all this kind of
783 stuff.

784 2 Other than the meeting with Mr. Kuykendall to
785 discuss the strategy for dealing with the Lowell Sun
786 allegation and the luncheon that you have just described,
787 have you had any further conferences with Mr. Kuykendall
788 since November, 1986?

789 A Yes, as a matter of fact. I just remembered it.

790 [REDACTED]
791 [REDACTED]

792 MR. BUCK: Can we go off the record for a second
793 please?

794 [Discussion off the record.]

795 THE WITNESS: Shortly after Ms. McLaughlin had told
796 her story to ABC news I got a call early in the morning from
797 Dan Kuykendall. He asked me to come over to his office and

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798 I went over to his office. We discussed in some detail
799 certain knowledge that we had regarding Mrs. McLaughlin
800 [REDACTED] and he discussed with me the possibility of my
801 meeting with a reporter. I believe her name was Rita
802 Beamish, but I'm not sure, and discussing what I knew about
803 Mrs. McLaughlin [REDACTED] in an
804 attempt to discredit Ms. McLaughlin somewhat.
805 I discussed that with him. I was very enthusiastic
806 about the proposal and I said of course, Mr. Kuykendall, that
807 I would have to discuss this with my attorney first and I
808 called my attorney and he strongly discouraged me from doing
809 so. So I informed Mr. Kuykendall that much to my regret, on
810 the advice of counsel, I would have to decline the
811 opportunity.

812 BY MR. FRYMAN:

813 Q But Mr. Kuykendall was urging you to have such a
814 meeting with this reporter; is that correct?

815 A Well, he didn't say jump up and down and say do it,
816 do it, do it, but it was quite clear he was in favor of the
817 idea.

818 Q Have you had any other conferences with Mr.
819 Kuykendall since November of 1986?

820 A Probably, but none that I recall specifically.

821 Q Did you have any discussions with Mr. Kuykendall
822 about the strategy for dealing with the congressional

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823 investigations?

824 . A The only thing that I would say related to that was
825 what I already described relating to the Lowell,
826 Massachusetts Sun report.

827 . Q Now, from August of 1985 through 1986 you
828 functioned as a fund raiser for Mr. Channell; is that
829 correct?

830 . A That's correct.

831 . Q What was the total amount of money that you were
832 responsible for raising during that period as best you
833 recall?

834 . A I have never added it up dollars and cents, but up
835 until the end of 1986, thereby leaving out funds I raised in
836 1987, I believe the total was somewhere in the vicinity of
837 \$850,000.

838 . Q how much of that was for programs related in some
839 way to Nicaragua?

840 . A The vast majority.

841 . Q Would you estimate?

842 . A Over 90 percent.

843 . Q Is it your judgment that your experience was
844 typical of the fund-raising activities of the other fund
845 raisers in that a similarly large majority of the funds that
846 they raised during that period also related to programs
847 involving Nicaragua?

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848 . A Regarding--possibly I and maybe probably with Cliff
849 Smith but Spitz raised a lot of money for an awful lot of
850 different things. But I would say that definitely myself.
851 Mr. Channell, Mr. Smith and Ms. McLaughlin certainly over 50
852 percent was related to Nicaragua, certainly the majority.
853 . Q Beyond that you are not sure?
854 . A No. I didn't keep terribly close tabs. See, I
855 know that Cliff raised a bunch of money for--I'll keep this
856 to '86. He raised a bunch of money for political campaigns.
857 he raised a bunch of money for the SDI project and I don't
858 know how much he raised all told. So it's hard to say but
859 in my estimation, certainly the majority of funds raised by
860 the fund raisers I have named were raised for programs
861 related to Nicaragua.
862 . Q And in 1985 and 1986 you raised approximately
863 \$850,000, of which more than 90 percent related to
864 Nicaragua?
865 . A Yeah.
866 . Q Did you have particularly assigned contributors
867 that you were to contact?
868 . A Well, every name I ever got just about was assigned
869 to me by Mr. Channell.
870 . Q How large a group of names did you have?
871 . A Well, of prospects hundreds, hundreds and hundreds
872 and hundreds and hundreds and hundreds.

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873 . 2 And would you contact them by telephone or by
874 letter?

875 . 1 Yes. By telephone.

876 . 2 And then once you developed a contributor through a
877 telephone contact, would that contributor remain as someone
878 to be contacted by you for further programs?

879 . 1 Yes. We referred to them as our contributors.
880 He's my contributor.

881 . 2 How large was the group of your contributors? And
882 by that, I mean the individuals who actually made
883 contributions that totaled the \$850,000.

884 . 1 Again, you all have my records and without looking
885 at them I couldn't tell you anywhere near specifically, but
886 I would say the total number of people that gave me money at
887 one point or another probably numbered less than 40, but
888 more than 25. But without looking at them I really can't
889 tell you specifically.

890 . 2 Do you recall your five largest contributors?

891 . 1 Probably.

892 . 2 Would you name them?

893 . 1 Yes. I can't promise you that these will actually
894 turn out to be the five largest, but according to my
895 recollection Bill O'Neil, Ken and Selma Giddens, Tom
896 Clagett, Hal Salvassar. Probably the fifth would be Henry
897 Salvatori.

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898 . Q Now, you mentioned earlier that one of the
899 objectives of the fund-raising activities was to raise funds
900 to purchase lethal equipment. When was the first time that
901 the subject of fund raising for lethal equipment came up in
902 discussions with you?

903 . A I believe it was in October of 1985.

904 . Q With whom did you have this discussion?

905 . A Mr. Channell.

906 . Q Just the two of you?

907 . A Yes.

908 . Q What did he say?

909 . A Specific words I don't recall, of course, but as I
910 remember it, we had had lunch at La Brasserie on Capitol
911 Hill and I then accompanied him in his car. I believe he
912 had to go to the bank or something like that but as I
913 remember it, I accompanied him in his car to somewhere and
914 he was bringing me back to the office and we sat in his car
915 for a few moments and I don't recall how the conversation
916 came up, but he essentially said something like yes, we are
917 going to raise money to buy missiles to shoot down the
918 Sandinista helicopters, which pleased me no end because I
919 had been hoping almost from the very start that was what we
920 were using some of our money for.

921 . Q What did he ask you to do, if anything?

922 . A I don't think he specifically said call so and so

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923 and get him to give money to my missiles, but as I remember
924 it, the gist of the conversation was certainly one of
925 encouraging me to solicit select people for the purpose of
926 obtaining money to purchase surface-to-air missiles.

927 Q Did he mention Colonel North in this initial
928 conversation?

929 A Whether he mentioned Colonel North at that moment,
930 I don't really know. But I was aware that Colonel North was
931 having private meetings from time to time with contributors
932 and prospective contributors and that--my chronology may be a
933 little bit messed up here, but I was aware certainly at that
934 point that he was having private conversations with these
935 contributors and I became aware at some point that the topic
936 of conversation at these meetings was lethal aid to the
937 freedom fighters.

938 MR. TOURISM: May I speak with my client just a
939 moment please?

940 [Discussion off the record.]

941 BY MR. FRYMAN:

942 Q Do you wish to add anything further to your answer?

943 A Not that I can think of.

944 Q Now, following this initial discussion with Mr.
945 Channell in October of 1985 about raising money for
946 missiles, what was the next conversation that you
947 participated in regarding raising funds for lethal

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948 equipment?

949 . A The next time that I specifically recall it was
950 after a meeting between Colonel North, myself, Mr. Conrad,
951 most of the NEPL staff and a number of contributors and
952 prospective contributors. It happened I guess the day after
953 that meeting and Mr. Channell had brought Tom Clagett over
954 to see Colonel North in the morning.

955 . Q Can you fix a month on this meeting?

956 . A November.

957 . Q November of 1986?

958 . A '85.

959 . Q Okay.

960 . A And I came to understand that at the meeting
961 between Mr. Channell, Mr. Clagett and Colonel North, that
962 the topic had been lethal aid and that Mr. Channell had
963 specifically asked Mr. Clagett to give money for the purpose
964 of purchasing lethal aid.

965 . Q Now, you did not attend this meeting?

966 . A I did not.

967 . Q And you say you came to understand these events
968 that occurred. How did you come to understand that?

969 . A Well, as we were walking out of the old Executive
970 Office Building, when the meeting between the NEPL staff, a
971 number of contributors and prospective contributors and
972 Colonel North had taken place, Tom Clagett said to me

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973 something to the effect of well--that's his words, said
974 something to me to the effect of expletive deleted, we have
975 got to get some guns to these people. And I looked at him a
976 little bit taken aback and said to him, not now. There's a
977 place and time to discuss this.

978 . And we adjourned to the Hay-Adams and had cocktails
979 before dinner and I went over to him and I said something to
980 him to the effect of, you know, I understand you wish to
981 provide some concrete support to the freedom fighters and he
982 said, yes, that's what we need to do. And I said, well, the
983 biggest problem they have got right now is the Sandinista
984 helicopters. They really don't have any means of defending
985 themselves against these helicopters and we are working to
986 try and provide them with those means and if you would be
987 receptive to making a fairly large grant, something in the
988 region of 20 to 30 thousand dollars, then you should discuss
989 this more privately with Colonel North tomorrow morning.

990 . And he allowed as how he would be very receptive to
991 this. So I informed Mr. Channell of the same and he
992 arranged for himself and Mr. Clagett to go over and see
993 Colonel North in the morning.

994 . Q And how did you learn about what occurred during
995 that meeting the next morning?

996 . A Well, I never learned the specifics but Mr.
997 Channell informed me that Mr. Clagett was going to be

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998 helping us with a grant of about \$20,000 and putting two and
999 two together, given the fact that the purchase price we were
1000 bandying about of surface-to-air missiles was \$22,000, I
1001 came to the conclusion that what was discussed at that
1002 meeting was surface-to-air missiles, and that Mr. Clagett
1003 had been pravailed upon to provide a grant to help with the
1004 purchase of surface-to-air missiles.

1005 . Q But what more did Mr. Channell tell you about the
1006 meeting other than the fact that Mr. Clagett had decided to
1007 make a grant of approximately \$20,000?

1008 . A I don't recall him going into much more detail than
1009 that. I was fairly new with the company at that time and I
1010 think I was still being kept pretty much at arms length in
1011 that my reliability was not yet fully known.

1012 . Q What was the next occasion that you recall where
1013 you participated in a conversation relating to lethal aid?

1014 . A On or about the same day. Mr. O'Neil had also been
1015 at the meeting in the evening between the NEPL staff and a
1016 number of contributors and prospective contributors and I
1017 had discussed our public education campaign with him in some
1018 detail and he seemed very positive about it. He also--let me
1019 pick my words here--he also didn't seem to me like the sort
1020 of chap that was going to be terribly receptive to being
1021 solicited for the purpose of purchasing lethal aid, and I
1022 made that feeling well known to Mr. Channell.

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1023 But Mr. O'Neil was very much in support of the
1024 freedom fighters' cause and I had been informed by Mr.
1025 Channell that Mr. O'Neil was an exceptionally wealthy man
1026 and so I asked Mr. Channell to arrange for Mr. O'Neil to
1027 meet privately with Colonel North in the morning and
1028 stressed to Mr. Channell repeatedly that the topic of
1029 conversation should not be lethal aid; it should be the
1030 program of public education.

1031 The next day after the private meeting had taken
1032 place, probably in the same conversation that Mr. Channell
1033 informed me of Mr. Clagett's decision to make a grant of
1034 \$20,000, he informed me that Mr. O'Neil was going to be
1035 making a grant of \$20,000 and he made a comment to the
1036 effect of Ollie blew it. And I took that to mean--he said a
1037 couple of other things like he got carried away or he got
1038 confused or something like that, but I took that to mean
1039 that Colonel North had discussed lethal aid with Mr. O'Neil.
1040 I don't know that for an absolute fact, but given the fact
1041 that the grant was the same size and Mr. Channell's
1042 statement Ollie blew it, that's what I took it to mean.

1043 Q Well, had you suspected a larger contribution from
1044 Mr. O'Neil?

1045 A No, not at that time.

1046 Q It was your understanding after these reports from
1047 Mr. Channell that Mr. Clagett's grant was to be to purchase

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1048 lethal aid and Mr. O'Neill's grant was for the public
1049 education campaign; is that correct?
1050 . A No.
1051 . Q What was your understanding?
1052 . A My understanding was that Colonel North had
1053 discussed lethal aid with Mr. O'Neill at the time of the
1054 private meeting and that that was the purpose for which he
1055 was making the grant. But as I said, nobody ever stated
1056 that to me in so many words. That was the conclusion so
1057 that I draw from Mr. Channell's statements at the time.
1058 . Q What was the next occasion where you participated
1059 in a conversation concerning lethal aid?
1060 . A Oh, Lordy. A couple of days after that meeting I
1061 was on the phone with Mr. Clegatt and essentially the
1062 purpose of the call was to encourage him to make his
1063 contribution with all possible alacrity and he made a
1064 comment to the effect of, and almost a quote is on one of my
1065 cards which I believe one of you all probably has, but he
1066 made a comment to the effect of I'd sure like to get a piece
1067 of that chopper I got. And that's the next instance I
1068 recall in which the subject of lethal aid came up.
1069 . Q What is the next instance you recall?
1070 . A Can you all excuse me for a moment? Thank you.
1071 . [Short recess.]
1072 . BY MR. FRYMAN:

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1073 . Q I think there was a pending question.

1074 . A Yes. If I remember correctly you asked me the next

1075 time after my phone conversation with Tom Claggett that

1076 lethal aid to the freedom fighters came up.

1077 . Q Yes.

1078 . A May I ask you a question? I suppose this can be on

1079 the record. You asked me a couple of moments ago the next

1080 time it came up and I described to you my conversation on

1081 the telephone with Tom Claggett. No specifics were discussed

1082 there, as you can see. Do you want me to try and recall

1083 every instance where even that passing a reference was made?

1084 . Q Yes, yes. Let's identify all of these instances.

1085 . A Okay, fine. I almost assuredly will not be able to

1086 recall every single time that it came up but I'll do my

1087 best.

1088 . Q To the best of your recollection.

1089 . A Yes. Well, about four days after that meeting

1090 Spitz told me to call O'Neil and to sort of again to

1091 encourage him to get his contribution to us with all

1092 possible alacrity and he said something to the effect of

1093 tell him Green needs your help, Green being sort of I

1094 suppose you could call it a code name for Oliver North.

1095 And--to tell him Green needs your help; he's waiting for your

1096 help, which I did. And Mr. O'Neil informed me he would be

1097 sending a check within the next day or two.

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1098 . Q Did you understand this to be a follow up to the
1099 commitment to contribute \$20,000 that you referred to
1100 earlier?

1101 . A Yes, I did.

1102 . Q What was the next occasion after this conversation?

1103 . A As I remember it, in late December or early
1104 January--late December of '85 or early January of '86, for
1105 some reason somebody asked me what is this check for? And I
1106 said toys. And pretty much ever after that I used the word
1107 "toys" to refer to lethal assistance.

1108 . Q Let's go back then a minute, Mr. Littledale, and
1109 clarify a couple of things that you referred to. You
1110 mentioned that Colonel North was referred to as Green. Was
1111 that the standard procedure in the MEPL office to refer to
1112 him as Green?

1113 . A Certainly in '85 it was. As '86 progressed--and Dan
1114 and Mr. Channell would also occasionally refer to him as
1115 Ollie or Colonel North but generally the practice was to
1116 refer to him as Green, although as '86 passed the term
1117 "Green" became less and less common and we would refer
1118 more commonly to Colonel North or Ollie.

1119 . Q Do you know how that practice originated?

1120 . A I have no idea.

1121 . Q Who told you to refer to him as Green?

1122 . A I can't be sure. I really can't be sure.

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1123 . Q All right. You also referred to a toys account.

1124 . A No. I didn't use the word "account" (✓)

1125 . Q Well, did you understand there was an account that

1126 was identified as the toys account?

1127 . A No. I never understood there to be an actual

1128 specific account that was the toys account.

1129 . Q By account, are you referring to a bank account?

1130 . A Yes. Yes.

1131 . Q Or are you referring to a ledger account?

1132 . A I'm referring to a bank account. And I didn't know

1133 anything about ledger accounts unless you want to talk about

1134 the little book that we recorded checks coming in on a daily

1135 basis. Ledger sounds like an accounting-type term to me so

1136 I'm trying to be careful. When it comes to the specific

1137 accounting ledgers, I had no idea what the devil was going

1138 on with them at that time. Much later on I became a tiny

1139 bit more aware.

1140 . Q Are you familiar with basic bookkeeping principles?

1141 . A Absolutely not. I'm terrible at math. I got

1142 married so that somebody could keep my books straight.

1143 Shall I tell you what I do know?

1144 . Q In January of 1986, Mr. Littledale, when you use

1145 the phrase "toys" in the context of military aid, what did

1146 you understand you were referring to?

1147 . A Military aid.

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1148 . Q And did you understand that toys was some sort of
1149 an identification for military aid?
1150 . A It was a name I gave to military aid. As I recall
1151 it, I'm the one that came up with that phrase.
1152 . Q It's your recollection you were the originator of
1153 the phrase?
1154 . A Yes.
1155 . Q Had you been aware that there was an account that
1156 had been identified previously as the toys account that was
1157 being used to identify funds collected for a Christmas fund
1158 for Mr. Calero?
1159 . A I knew that we had done some fund raising in
1160 December of 1985 for a short period, just a couple of weeks
1161 in December for the specific purpose of putting together
1162 some small things that the freedom fighters could carry in
1163 to their families. They are pretty strongly Catholic, a lot
1164 of the Nicaraguans, and Christmas, of course, is a fairly
1165 important time to them. It was my understanding that we
1166 raised some money in December to enable them to bring some
1167 small things home at Christmas time. I was never aware that
1168 those monies had specifically been referred to as toys or
1169 that an account had been set up with the name 'toys' for
1170 those funds to be used for.
1171 . Q My recollection is that that story of what toys was
1172 was something that developed after Jane McLaughlin went

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1173 public. That's my recollection of the funds we raised in
1174 December of 1985 being used--being called "toys".
1175 . Q Your recollection is you are the person who
1176 originated the phrase toys?
1177 . A That's correct.
1178 . Q Why did you select the word toys to refer to
1179 military or lethal equipment?
1180 . A Well, because I like guns and there's an old saying
1181 little boys don't grow up, they just got more expensive
1182 toys. And I don't refer to the guns I own as toys, but in a
1183 fashion. They are what I use for pleasure. I get my
1184 enjoyment in my leisure time from shooting and so it seemed
1185 an appropriate name.
1186 . I mean a common phrase of mine when people ask me
1187 what I do in the National Guard is to say I get to play with
1188 all kinds of good toys, M-16s, M-203 grenade launchers, M-11
1189 Bradley personnel carriers, all kinds of fun toys. So it
1190 was sort of natural for me to call money raised for lethal
1191 assistance money for toys.
1192 . Q And you say in January, 1986, you remember a
1193 specific discussion--
1194 . A December or January of '86 somebody asking me what
1195 in this check for and my saying toys.
1196 . Q And you don't recall who that person was?
1197 . A No, no.

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1198 . Q After that occasion did you have a number of other
1199 discussions where you told other persons that toys meant
1200 contributions for military equipment?

1201 . A I think Jane McLaughlin^a may at one point have asked
1202 me what toys meant and I may have said lethal assistance.
1203 But I'm not absolutely positive and I don't recall anybody
1204 asking me what toys meant.

1205 . Q Did you ever tell Steve McMahon that toys was a
1206 name for lethal aid?

1207 . A I don't recall my ever telling him so. I think I
1208 recall in late December or early January, late December '85
1209 or early January '86 Steve McMahon asking Spitz what it was
1210 for and Spitz saying it's for arms and ammunition for the
1211 freedom fighters. That's my recollection.

1212 . Q You recall McMahon at this time asking Channell
1213 what toys represented?

1214 . A Yes. That's my recollection.

1215 . Q How was he aware of the phrase "toys"?

1216 . A Well, he being the accountant, when a check came in
1217 it was Xeroxed.

1218 . Q Right.

1219 . A Two copies actually, I think. And it would be
1220 stamped with the date it came in, the name of the fund
1221 raiser who had raised the money would be written on each
1222 Xerox and the purpose for the money would be written on it.

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1223 One of the copies of the checks would go to McMahon so that
1224 he could enter it into the accounting ledgers and all that
1225 kind of good stuff, and as I recall it, he saw a copy of a
1226 check with toys written on it and went to Spitz and after
1227 seeing it a couple of times said Spitz, what is toys?
1228 . Q So on that occasion is it your recollection that
1229 you had written toys on the check?
1230 . A Either I had written--not on the check but on the
1231 Xerox of it.
1232 . Q On the copy of the check.
1233 . A Yes. Either I had written it on there or the
1234 person that had asked me what is this check for and I had
1235 said toys, had written it on there. Probably wasn't me
1236 actually writing it on the copy of the check. It was
1237 probably the person that asked me what's the check for that
1238 wrote it on the copy of the check.
1239 . Q And then you told Mr. Channell that you were using
1240 toys as a code name or synonym for contributions?
1241 . A No. I don't recall ever telling him that I was
1242 using that phrase.
1243 . Q Well, you had a recollection of Mr. McMahon asking
1244 Mr. Channell what does toys stand for and Mr. Channell
1245 explaining to Mr. McMahon that it stood for or it was a
1246 contribution for military equipment.
1247 . A Right, right.

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1248 . Q Do you know how Mr. Channell had learned what this
1249 word stood for?

1250 . A No, I don't know how. I would assume that he was
1251 able to deduce what it was for or judging by who the check
1252 came from he was able to deduce. Certainly if he sees--he
1253 solicited Tom Clagett, right? He brought Tom Clagett over
1254 to see Ollie North. He did the solicitation of Tom Clagett.
1255 He sees toys written on Tom Clagett's \$20,000 check. Okay
1256 now, I know what it is. That's the way I remember it. I
1257 don't have a concrete explanation as to why he would know
1258 what toys meant.

1259 . Q And you don't recall explaining it to Mr. Channell?

1260 . A No, I don't.

1261 . Q But you do recall hearing Mr. Channell explain to
1262 Mr. McMahon that toys meant a contribution for military
1263 equipment?

1264 . A Yes, yes. I know that sounds kind of strange, but
1265 it's the way I remember it.

1266 . Q And you recall telling Jane McLaughlin that
1267 contributions for military equipment were to be identified
1268 by the code name toys?

1269 . A I don't specifically recall telling her that. It's
1270 in my head that I probably did. The reason that I would
1271 think that I probably did is because she wasn't terribly
1272 close with Spitz or Cliff and she talked to me quite a bit

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1273 regarding fund raising and projects and stuff like that.
1274 And so if she ever asked, she almost assuredly would have
1275 asked me in that we talked quite a bit. So I have this
1276 feeling that I probably did, but I don't specifically recall
1277 her asking me one day and my telling her.
1278 . Q All right.
1279 . Now by this point in January of 1986 did you
1280 believe that Mr. Channell had become confident enough with
1281 you that he could discuss openly with you solicitation of
1282 contributions for military aid?
1283 . A Well, you can never tell how much Spitz trusts you
1284 but I feel comfortable in saying he trusted me more than he
1285 had two months earlier.
1286 . Q Certainly by January, 1986, according to your
1287 recollection, he was comfortable enough with you that he
1288 would explain to Mr. McMahon in your presence that a
1289 reference to toys meant a reference to contributions for
1290 military aid?
1291 . A I don't recall--at the time when I recall him
1292 explaining that to Mr. McMahon I don't recall whether I was
1293 actually in the room or just outside the door. I don't know
1294 if you have seen or seen a layout of the offices that Mr.
1295 Channell's organization were housed in at the time, but the
1296 top floor of it was an office like this which was where Mr.
1297 Channell's desk was and where I also worked from. Then

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1298 there was a large sort of common public area out here where
1299 his secretary and the files were housed, and I recall that
1300 it was in the evening in that it was dark outside and Spitz
1301 was in the office later than was usual for him. And Mr.
1302 McMahon came from where accounting was housed, which was
1303 over here, came through--
1304 . Q Mr. Littledale, you'll have to recognize in giving
1305 your answer that the reporter cannot reflect any indications
1306 you are making with your hand.
1307 . A Mr. McMahon went into Mr. Channell's office and
1308 asked him that and I don't recall whether I was in the room
1309 at my desk or whether I was just outside the room in the
1310 public area and able to overhear it.
1311 . Q All right. Then returning to the discussions that
1312 you participated in about contributions for lethal
1313 equipment, what was the next conversation that you recall?
1314 . A I can't swear this was the next time but the next
1315 time I remember was towards the end of January I was making
1316 a trip out to California and I had arranged or was arranging
1317 to see a gentleman in California, name of Mel Salvasser, and
1318 Mr. Salvasser is a wonderful gentleman, very strong anti-
1319 ~~communism~~ and felt very strongly about the Nicaraguan issue
1320 and it was my belief that he would be interested in
1321 providing support for lethal equipment. As a matter of fact
1322 I had had a conversation with him on that subject in

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1323 November but why don't I get back to that seeing as how I'm
1324 in the middle of this.

1325 . And I called Spitz on the phone and said gee whiz,
1326 I'm going to see Mel. I think I'll ask him to give us
1327 \$20,000 for a missile. This was on the phone, this
1328 conversation. Mr. Channell said something along the lines
1329 that would be wonderful, that would be fabulous if you could
1330 get him to give \$20,000. See if you can get him to give
1331 two. That's \$44,000. That was that conversation.

1332 . To go back to what I mentioned earlier, in early
1333 November Mr. Channell had noted that on one of my cards
1334 regarding Mr. Salvasser I had stated my belief that he would
1335 give large sums of money for the purchase of lethal
1336 assistance and Mr. Channell had instructed me to solicit him
1337 for the purchase of one or more surface-to-air missiles or
1338 for the purchase of radio equipment. And I did so. I
1339 solicited him for that and he, as a result of that
1340 solicitation, gave \$5,000.

1341 . Q This was for radio equipment?

1342 . A Well, no. It's hard to say. I described both
1343 surface-to-air missiles to the gentleman on the phone, also
1344 described the radio equipment and described the cost of
1345 each, and he interrupted me with something along the lines
1346 of well gee whiz, I'm not Bunker Hunt. I don't have that
1347 kind of money, but I'll give you \$5000. I said thank you

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1348 very much.

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1349 RPTS CANTOR

1350 DCMK PARKER

1351 [4:30 p.m.]

1352 Q And then you were returning to January, you were
1353 traveling to California to meet with him in January, and
1354 what did you say to him in January?

1355 A You mean when I met with him?

1356 Q Yes.

1357 A It was kind of funny. I was going to California to
1358 see another gentleman as well regarding something else, not
1359 lethal assistance, and I was going to, while in California,
1360 see Mr. Salvasser, as well, and as things worked out, I
1361 wasn't able to see Mr. Salvasser because he was at the time
1362 in Pennsylvania on business, and was detained there and was
1363 unable to meet with me in California.

1364 After I learned this a day or so later while still
1365 in California, he called Mr. Salvasser in Pennsylvania and
1366 spoke with him in some detail about the need for surface-to-
1367 air missiles, and stated our desire that he should give us
1368 the money for the purchase price of two of them, to which he
1369 agreed, and I further allowed as how I would like to meet,
1370 fly from California back up to Pennsylvania, meet with him
1371 in Pennsylvania to describe it in somewhat more detail and
1372 in person, which he agreed to.

1373 I described the situation to him, described all of

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1374 the freedom fighters' needs from boots to AK's, ammunition
1375 for the above, and surface-to-air missiles, and again stated
1376 our desire that he should give us the purchase price of two,
1377 to which he said that he felt he could do that, and as soon
1378 as he returned to California he would check the books and
1379 tell us just exactly how far he could go to help us.

1380 . Q Did you have further conversations with him about
1381 this proposed contribution?

1382 . A Several.

1383 . Q And did he make a contribution?

1384 . A He did eventually. It took three months, but he
1385 did eventually make the contribution of \$20,000.

1386 . Q Was that to purchase one missile?

1387 . A That is my belief. I mean when I called him fairly
1388 regularly during the course of two to three months, and kept
1389 stressing the immediate need for his help and support, and
1390 he did eventually send a check for \$20,000.

1391 . I did not upon receiving the check call him up and
1392 say now, Mr. Salvasser, is this for one missile.

1393 . Q Up to this point, Mr. Littledale, I just want to
1394 summarize for the record what you understood had been
1395 contributions by your group of contributors for lethal aid.
1396 What was the first one?

1397 . A The first one received or the first one solicited?

1398 . Q Say the first one solicited.

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1399 . A Tom Clagett.

1400 . Q And that ended up in a contribution of how much?

1401 . A \$20,000.

1402 . Q And the next solicited?

1403 . A Bill O'Neil on the same day as Tom Clagett.

1404 . Q And that again was \$20,000?

1405 . A That's correct.

1406 . Q And after that?

1407 . A After that--no wait. Actually the first one may

1408 have been \$5,000 from Mel Salwasser. That probably was as a

1409 matter of fact. Again, if I had my cards in front of me, I

1410 could be more helpful as to specifically which was first,

1411 but I believe the first was \$5,000 from Mel Salwasser. Then

1412 the next one solicited would be Tom Clagett and Bill O'Neil,

1413 both on the same day, the next one after that being Mel

1414 Salwasser.

1415 . Q Which eventually led to another \$20,000.

1416 . A Twenty thousand dollar contribution.

1417 . Q Working forward, I guess we were in January of

1418 1986.

1419 . A Late January, early February.

1420 . Q And your conversations with Mr. Salwasser--following

1421 those conversations, what was the next discussion you had

1422 that involved lethal aid?

1423 . A I am not absolutely positive this was the next time

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1424 the subject came up, but I think it was the next time of any
1425 substance that it came up. I am quite sure that passing
1426 references were made, but I don't remember them. The next
1427 time that I remember was I believe in April of 1986. I had
1428 solicited a Mrs. Zelma Giddens on the telephone for the
1429 purchase price of one Maule Aircraft, which was to be used
1430 for immediate evacuation and resupply purposes, and also for
1431 intelligence gathering, and she had agreed to make the
1432 contribution, and was going to come up to Washington with
1433 her husband to talk briefly on the subject with Colonel
1434 North.

1435 . And I said to Mr. Conrad, I guess about a day or so
1436 before that meeting took place, I said something along the
1437 lines of, 'Gee, Dan, wouldn't it be great if on top of
1438 getting \$65,000 for this aircraft we could get maybe another
1439 \$20,000 or so for a missile? How do I get the subject of
1440 missiles to come up in conversation while the meeting
1441 between Mr. Giddens, Mrs. Giddens and another gentleman who
1442 was coming there, ' ' whose name was Imperatore. ' ' How do I
1443 get it to come up in conversation? ' '

1444 . And he said, ' ' Well, while we are all sitting
1445 there, you can say to Colonel North something along the
1446 lines of, 'Gee, Colonel North, what is the biggest problem
1447 the freedom fighters have? ' And he will say the helicopters
1448 that the Sandinistas have, and you can then say, 'Well, what

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1449 can we do about that?' And he will then discuss surface-to-
1450 air missiles.' And that conversation took place.
1451 . Q Approximately when was that?
1452 . A Approximately April of 1986, and I remember two
1453 other instances where the subject of lethal aid came up.
1454 . Q Between January and April?
1455 . A It may have been probably earlier than January. I
1456 don't recall at all.
1457 . Q Let's just finish the questioning about this April
1458 conversation. This meeting with Colonel North was at his
1459 office?
1460 . A No. It took place at the Hay-Adams Hotel.
1461 . Q And was the result of this meeting that Mrs.
1462 Giddens made an additional contribution to purchase a
1463 missile?
1464 . A No, it was not.
1465 . Q It was not.
1466 . A No.
1467 . Q So it was unsuccessful.
1468 . A Correct.
1469 . Q But she did make the contribution to purchase a
1470 Hawk aircraft?
1471 . A She made a contribution of \$32,500. She had brought
1472 this other chap, Imperatore, along on the theory that he
1473 would pay half of it, and she would pay half it. However, I

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1474 think we scared Mr. Imperatore considerably with the
1475 discussion at the table and what not, and he did not make a
1476 contribution.

1477 . Q You were going to go back to relate a couple of
1478 additional conversations.

1479 . A Yes. Sometime, I think it was probably December
1480 1985, I called a chap named Jim Landrum, and my recollection
1481 is that I didn't get really specific with reference to
1482 missiles. As I recall it, I explained the danger that the
1483 Soviet-supplied helicopters posed to the freedom fighters,
1484 and explained that we were putting together some money to
1485 provide the means for the freedom fighters to protect
1486 themselves from these helicopters, and would he please help
1487 us.

1488 . And I believe he made a contribution of \$500 or
1489 \$1,000 as a result of that. I also called at the instruction
1490 of Mr. Channel a gentleman named of Somers. I think his
1491 name was Somers. Again, I would have to see some of my
1492 records you all have to be sure, but I believe his name was
1493 Somers and he was somewhere in the Dallas area, and Mr.
1494 Channel had met him and instructed me to call him, and the
1495 freedom fighters had just succeeded in shooting down one of
1496 the Soviet-supplied helicopters, and Mr. Channel instructed
1497 me to call him and say something like, "Well, did you know?
1498 Isn't it wonderful? You see how effective we are being. We

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1499 need you to help us."

1500 . And I said something along those lines, and he
1501 said, "Oh, well, yes. Say hi to Spitz for me. I have been
1502 thinking about this for a while now, and I had already
1503 decided to give you a thousand dollars. Where do I send
1504 it?"

1505 . And also in, I believe late January of 1986, there
1506 had been some talk floating around the office that we were
1507 going to receive a shopping list from Colonel North, and I
1508 called, while Mr. Channel was in the room, Mr. Landrum from
1509 the Dallas area, and he is also from Dallas, both the guy
1510 who--I think his name is Somers, and Mr. Landrum both from
1511 the Dallas area, and I called Mr. Landrum and explained that
1512 we had a shopping list sent to us from the White House, and
1513 that we needed him to provide us with \$10,000, and could I,
1514 when we received the shopping list, come and see him and
1515 count on him for support of about \$10,000. And he allowed as
1516 how he could probably do that.

1517 . However, we never got the shopping list, and so
1518 that meeting never took place.

1519 . 2 In the chronology we were up to the discussion
1520 between Colonel North and Mrs. Giddens in April of 1986.
1521 What was the next conversation you recall involving lethal
1522 aid?

1523 . A I may remember some more, but the next one that has

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1524 come to my mind was in July, I believe, of 1986. I was
1525 calling--we were raising some money for food for the freedom
1526 fighters, and I called a gentleman named of Haroz, who is
1527 from, I believe, Michigan.

1528 . Q How do you spell that?

1529 . A H-E-R-C-E, and in the course of conversation with
1530 him, he said, 'Well, gee whiz, I understand this is some
1531 group you can send money to to buy guns for the freedom
1532 fighters.' And I said, 'Well, gee whiz, I know a little
1533 bit about that. Perhaps we can get together at some point
1534 and talk privately about it. If you want to do that, there
1535 is somebody here in Washington you should meet.' And he
1536 said, 'Gee whiz, that would be a great idea.'

1537 . Then I continued my solicitation for money for
1538 food, and he did eventually send a check for \$501 to buy
1539 food for the freedom fighters and nothing further on the
1540 subject of lethal aid ever came up with him.

1541 . Q What was the next conversation that involved lethal
1542 aid?

1543 . A This is not an answer to that, but to a much
1544 earlier question you asked, topics that we had raised money
1545 for--lethal aid, public education, etcetera, Maule aircraft.
1546 There was one other which was air fields to be built in
1547 Costa Rica.

1548 . Q All right.

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1549 . A And when you want to ask me a question about that,
1550 just holler, but that just popped into my head, so I thought
1551 I should tell you.

1552 . The next situation after July in which lethal aid
1553 came up, the next one that I recall was I believe in
1554 September. It must have been October of 1986. Mr.
1555 Salvasser was again in Pennsylvania, and with Spitz'
1556 approval I talked to him about coming here to Washington to
1557 meet with Colonel North on the subject of these air fields,
1558 and the night before that meeting was to take place, Mr.
1559 Channel instructed me to call Colonel North and sort of give
1560 him a brief idea of what we wanted him to talk about when he
1561 talked with Mr. Salvasser, and I called Colonel North's
1562 office.

1563 . Colonel North was otherwise occupied, and I spoke
1564 to his secretary, Fawn Hall, and Fawn said--she answered the
1565 phone. I said, "May I speak to Colonel North?" She asked
1566 me who I was. I said who I was. She said, "Gee, he is
1567 tied up." Can I leave a message, and I said, "Oh, well, I
1568 wanted to talk to him about the meeting with Mr. Salvasser
1569 tomorrow, and what we intend to solicit him for." And she
1570 said, as I recall it--I mean they are the words I recall her
1571 using. I can't be sure those were the words she used. I
1572 recall her saying, "Oh, well, how much should he ask for?"
1573 . And I said, "Well, what we want him to talk about,

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1574 we were initially going to ask Mr. Salvasser for \$100,000.
1575 We now are thinking about asking him for \$250,000, and we
1576 want him to talk about the radar sites around Nicaragua and
1577 how the freedom fighters are going to use small arms and
1578 demolitions to destroy them, and how this air field that is
1579 being built in Costa Rica is going to be used to fly
1580 supplies to the freedom fighters inside the country, and how
1581 the freedom fighters are going to destroy the radar sites so
1582 the planes coming in won't be detected, and that was what we
1583 want to do.'

1584 . And she said, 'Okay, good. Thank you.'

1585 . Q Did Mr. Salvasser meet with Colonel North the next
1586 day?

1587 . A He did.

1588 . Q Did you attend?

1589 . A I did.

1590 . Q What did Colonel North say?

1591 . A Oh, he talked about a whole doggone bunch of
1592 things.

1593 . Q Did he ask for money?

1594 . A He never asked for any money, no. He never
1595 specifically asked anybody to give any money in my presence.

1596 . Q Did he talk about the need for missiles?

1597 . A No, he did not.

1598 . Q Did he talk about the need to construct an air

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1599 field in Costa Rica?

1600 . A He did.

1601 . Q Did he talk about any other lethal equipment or the

1602 need for any lethal equipment other than missiles?

1603 . A He didn't talk about missiles at all in that

1604 conversation. He may have briefly mentioned some of the

1605 types of small arms that the freedom fighters used, but the

1606 specific think he was talking about the freedom fighters

1607 needing now was an air field in Costa Rica.

1608 . Q Did Mr. Salwasser make a contribution after this

1609 meeting?

1610 . A He did.

1611 . Q How much?

1612 . A \$20,000.

1613 . Q And did you understand that was for the

1614 construction of the airfield?

1615 . A I did.

1616 . Q Staying on the subject of lethal equipment, do you

1617 recall any discussions about raising funds for lethal

1618 equipment after these conversations you have just described

1619 in September or October in 1986?

1620 . A Not after then. I know that at some point I

1621 briefly discussed the subject with Jane ^{Mc}Mughlin, because

1622 she had some contributor coming in to town to see Colonel

1623 North.

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1624 . Q Is that Mr. Hooper, Bruce Hooper?

1625 . A Yes, I believe it was, and I know she asked me a

1626 couple of questions about solicitations taking place

1627 directly after somebody had had a private meeting with

1628 Colonel North, and that related to non³humanitarian items,

1629 and I talked to her a little bit about it, and told her how

1630 I handled things.

1631 . Q So again to summarize, Mr. Littledale, am I correct

1632 that the contributions that you solicited that you

1633 understand directly involved funds for lethal aid were

1634 \$5,000 from Mr. Salwasser in the fall of 1985, \$20,000 from

1635 Mr. O'Neil in early 1986, and another \$20,000 from Mr.

1636 Salwasser later in 1986, and possibly a small amount of 400

1637 to 1,000 dollars from Mr. Landrum and Mr. Somers.

1638 . A A thousand dollars from Somers. I know the

1639 specific amount with him. With specific regard to lethal

1640 aid, those are the only ones that I recall right now. We

1641 should note, however, that solicitation of Mr. O'Neil and

1642 Mr. Clagett took place in November of 1985, that Mr.

1643 O'Neil's contribution did come in in late November or early

1644 December of 1985, but that Mr. Clagett's contributions did

1645 not come in until January of 1986.

1646 . Q Were all of these contributions to the National

1647 Endowment for the Preservation of Liberty?

1648 . A Yes, they were.

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1649 . Q Did you have discussions with any of these
1650 individuals about the contributions being tax deductible?
1651 . A Probably.
1652 . Q Was it your understanding that the contributions
1653 would be tax deductible?
1654 . A Yes. I can't swear that I ever say something to
1655 the effect of give me money for weapons, it is tax
1656 deductible. You see, something you should keep in mind in
1657 the fund-raising aspect of it is that if somebody gives you
1658 one or two contributions to an organization, the National
1659 Endowment for the Preservation of Liberty, and he has been
1660 told those contributions are tax deductible, when you make
1661 future solicitations you don't need to say this contribution
1662 is tax deductible.
1663 . The person in question will pretty much assume it.
1664 . Q Let me turn to two other subjects quickly. You
1665 mentioned that one of the objectives of fund^hraising was to
1666 raise funds for Maule aircraft.
1667 . A Yes.
1668 . Q Did you raise contributions for the purchase of
1669 Maule aircraft?
1670 . A Yes, I did.
1671 . Q Which ones?
1672 . A The \$2,500 from Mrs. Giddans.
1673 . Q Any others?

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1674 . A None that I recall. It is easy to remember the
1675 large contributions. It is not easy to remember small ones.
1676 . Q And you mentioned raising funds for construction of
1677 air fields in Costa Rica?
1678 . A Correct.
1679 . Q What funds did you raise for that purpose?
1680 . A Twenty thousand dollars from Mel Salvasser, and I
1681 don't recall receiving any other contributions for that
1682 purpose, but I do know that Mr. O'Neil, in response to a
1683 solicitation made by Spitz, made a contribution in the
1684 amount of \$85,000 that I believe was for the purchase of a
1685 Maule aircraft, but that was not by solicitation.
1686 . Mr. Channel made that solicitation.
1687 . MR. TOURISH: May I speak with my client a moment?
1688 . BY MR. FRYMAN:
1689 . Q Other than the conversation with Mr. Salvasser, are
1690 you aware of Colonel North discussing the need for funds to
1691 construct air fields in Costa Rica with any other
1692 individuals?
1693 . A Yes. I was instructed by Mr. Channel to call Mr.
1694 O'Neil in the fall of 1986, and ask him to give us some
1695 money for that purpose. I did so. Mr. O'Neil essentially
1696 said, "Well, I have got the money and I could give it to
1697 you." But, gee whiz, by now of course the House had passed
1698 in June of 1986 a bill authorizing assistance to the freedom

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1699 fighters, both lethal and nonlethal, and he felt that, gee
 1700 whiz, maybe it hasn't gotten to the President's desk to be
 1701 signed yet, but private individuals shouldn't be footing the
 1702 bill for this anymore.

1703 . It is the government's business, now that they have
 1704 gone and passed the blasted legislation, and the
 1705 conversation sort of ended there after I discussed this
 1706 matter with him in some detail as to why it needed to be
 1707 funded by private individuals. I reported this result to
 1708 Mr. Channel. Mr. Channel instructed me to call Mr. O'Neil
 1709 back and ask Mr. O'Neil if he could receive a phone call on
 1710 the subject from Colonel North the next day.

1711 . I did so, and Mr. O'Neil said, "Certainly." I
 1712 reported that back to Mr. Channel. Mr. Channel called me
 1713 the next day and said, "Call Bill O'Neil and ask him if he
 1714 can call Colonel North. Colonel North can't make any
 1715 outgoing calls right now."

1716 . I did so and Mr. O'Neil agreed that he would make
 1717 the phone call to Colonel North, and it was my understanding
 1718 that they did eventually speak on the telephone together on
 1719 the subject of air fields in Costa Rica, and that they had
 1720 the conversation, but that no contribution took place as a
 1721 result of it.

1722 . Q Do you know Bill O'Boyle?

1723 . A I do. Well, again, I wouldn't say I know him, but

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1724 I have met him.

1725 . Q Did you have any discussions with Mr. O'Boyle about

1726 a contribution for military aid?

1727 . A Yes, I did. Thank you for reminding me.

1728 . Q When was that conversation?

1729 . A It was while we were still in our old offices up

1730 here on Capitol Hill.

1731 . Q Was it some time in the spring of 1986?

1732 . A It would have either been--no, it had to be after--I

1733 would say, yes, the spring of 1986.

1734 . Q Would you describe what you recall about the

1735 conversation with Mr. O'Boyle?

1736 . A Certainly. We again had a meeting in the old

1737 executive office building in which Colonel North addressed a

1738 group of contributors and prospective contributors, and I

1739 did not have any contributors or prospective contributors at

1740 that event, but Ms. ^{Ms. Laughlin} ~~Laughlin~~ had four. Four is an awful

1741 lot for one person to handle, so I sort of after we returned

1742 to the May-Adams from the old executive office building, I

1743 sort of attached myself to Mr. O'Boyle while we were having

1744 cocktails, and talked to him about Nicaragua, and what did

1745 we think of Colonel North's presentation.

1746 . And he said, or said something to the effect,

1747 "Well, gee, this is terrible. We really need to do

1748 something about it. What can I do to help?" And I said to

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1749 him something along the lines of, "Well, the biggest
 1750 problem the freedom fighters have right now is the HIND
 1751 helicopters, attack helicopters. They have really no means
 1752 whatsoever of defending themselves against them. You can
 1753 fire small arms against them and it has no effect, and we
 1754 really need to provide them with the means of defending
 1755 themselves against these helicopters. And if you would like
 1756 to help us with a grant of, say, ^{\$125,000} ~~\$25,000~~ to \$30,000, then what I
 1757 really need to do is arrange for you to meet tomorrow
 1758 privately with Colonel North."

1759 . And he allowed as how he would be delighted to
 1760 help, and especially delighted to see Colonel North again in
 1761 the morning privately, so I reported this to Mr. Channel,
 1762 who immediately arranged for Mr. O'Boyle to meet with
 1763 Colonel North the next morning, and it is my understanding
 1764 that Mr. Channel accompanied Mr. O'Boyle to the old
 1765 executive office building the next morning for a meeting
 1766 with Colonel North.

1767 . It is also my understanding, although again I
 1768 wasn't there, so I don't know, that the subject that came up
 1769 at that point that Colonel North talked about at that point
 1770 was Maule aircraft, and that Mr. O'Boyle subsequently gave a
 1771 contribution of \$130,000 for the purchase of two Maule
 1772 aircraft.

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1773 RPTS MCGINN
1774 DCMN SPRADLING
1775 [5:00 p.m.]

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1776
1777 When you say it's your understanding, what is the
1778 basis for your understanding?
1779 A Well, I knew that he came--he saw Mr.--Colonel North
1780 in the morning and then I guess it was the next day he
1781 essentially just appeared in our offices and gave Spitz a
1782 check for \$130,000 which--and then subsequently had drinks or
1783 dinner or something like that with Mr. Channell and in the
1784 course of conversations that took place after November of
1785 1986 when all of this was getting into the press and what
1786 not, Mr. Channell and I discussed what individual people had
1787 been solicited for because we were trying to reconstruct who
1788 had been solicited for lethal aid and who had been solicited
1789 for other things, and he said well, O'Boyle gave \$130,000.
1790 That's twice 65, therefore that must have been for two Maule
1791 aircraft.
1792 Q Were you aware of transfers of funds between the
1793 different Channell organizations?
1794 A Not until after things started appearing in the
1795 press.
1796 Q So specifically you were not aware of a series of
1797 substantial transfers of funds from MEPL to Sentinel in

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1798 March of 1986?

1799 . A Oh, well, there's sort of a backwards way that that
 1800 took place. We were raising money for Sentinel to put on
 1801 the lobbying advertisements and Mr. Channell called two of
 1802 his contributors, I believe Ellen Garwood and Barbara
 1803 Newington, and in his words, said guess what, I'm going to
 1804 send you \$40,000 or a certain amount. It was a certain
 1805 amount with each one and I don't remember the specific
 1806 amounts. I'm going to send you ~~x~~ number of thousand dollars
 1807 back from NEPL. I'm going to give it back to you and then
 1808 you are going to turn around and give me ~~x~~, a substantially
 1809 larger figure in the form of a check to Sentinel. I was
 1810 aware that that took place.

1811 . Q I'm not asking about that. I'm talking about
 1812 whether you were aware of direct transfers from NEPL to
 1813 Sentinel in March of 1986?

1814 . A Okay. After all this started coming out in the
 1815 press in the course of one or more conversations about this
 1816 whole mess, Mr. Channell made reference to the fact that
 1817 NEPL had used some money for the Sentinel lobbying campaign,
 1818 that some NEPL money had been used for that and that it was
 1819 ever so fortunate because it was pure coincidence that an
 1820 educational organization was allowed to use up to a certain
 1821 percentage of its ^{receipts} ~~assets~~ for lobbying purposes.

1822 . So I was sort of offhandedly aware that some NEPL

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1823 money had been used for lobbying purposes, but the nuts and
 1824 bolts specifics of how it had taken place, I was not aware
 1825 of.

1826 Q When was this discussion with Mr. Channell?

1827 A I can't say specifically but I can say it was--I
 1828 believe Jane McL^{ay}ughlin's story first appeared on ABC in mid-
 1829 February. So I would have to say it took place between mid-
 1830 February and the beginning of April. But I'm only
 1831 reconstructing this from my memory. I mean after December
 1832 when the first story in the Lowell, Massachusetts Sun came
 1833 out there were hundreds of situations in which Mr. Channell
 1834 and I and others would discuss the ongoing catastrophe and
 1835 to try and put a finger on when a specific conversation took
 1836 place is at best very difficult.

1837 Q I ask the reporter to mark as Littledale Deposition
 1838 Exhibit 1 for identification a group of documents which have
 1839 been selected from the documents produced by counsel for the
 1840 Channel organization. The first page is a list indicating
 1841 the date of each document and the control number on the
 1842 document, which was put on the document by counsel for Mr.
 1843 Channell's organization.

1844 [Littledale Deposition Exhibit No. 1 was marked for
 1845 identification.]

1846 BY MR. FRYMAN:

1847 Q Mr. Littledale, if you would look at Exhibit 1 and

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1848 | particularly the first document in that exhibit, actually
1849 | the first and second documents, which are pages 29985 and
1850 | 29986. Is 29986 in your handwriting or your printing?
1851 | . A Yes.
1852 | . Q And that is the draft of the letter that appears in
1853 | typewritten version at 29985; is it not?
1854 | . A Yes, I would say that's what it is.
1855 | . Q Is this--the recipient of this letter, James
1856 | Landrum, is this the Mr. Landrum that you referred to
1857 | earlier as a contributor?
1858 | . A Yes, it is.
1859 | . Q On the last paragraph of this letter you referred
1860 | to looking forward to seeing him in the next two weeks to go
1861 | over our shopping list. What does that refer to?
1862 | . A It refers to the shopping list that I mentioned to
1863 | you earlier that I had spoken to him about when I called him
1864 | in January. It was a list that word in the office had we
1865 | were going to receive eventually which was going to list the
1866 | military needs of the freedom fighters.
1867 | . Q Who had told you about this shopping list?
1868 | . A I don't know for sure if anybody had actually told
1869 | me we are going to get a shopping list. I believe that I
1870 | had just sort of picked it up around the office. The
1871 | offices we were in on Capitol Hill were very small and you
1872 | learned pretty much anything that was going on pretty

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1873 quickly.

1874 . Q Was this to be the first shopping list of that type
1875 that had been provided to MEPL or had there been an earlier
1876 shopping list?

1877 . A To the best of my knowledge, there had never been a
1878 shopping list per se as I see it.

1879 . Q Turning to the next group of documents which are
1880 numbered 36710 through 36714, these documents relate to a
1881 fund raiser's meeting and the date indicated is May 23,
1882 1986. The text at 36710 and 36711 appears to be basically
1883 the same text as in the next three pages except it has been
1884 edited slightly and paragraphs have been inserted. Have you
1885 seen these pages before?

1886 . A I'm familiar with this general document. Which of
1887 the two versions I have seen, I'm not really sure. I think
1888 it's probably the second. I'm not enormously familiar with
1889 it, but I have seen it before.

1890 . Q Did you attend a fund raiser's meeting on May 23,
1891 1986?

1892 . A Probably.

1893 . Q Would you review pages 36714?

1894 . A I'm familiar with the contents of this document.

1895 . Q How are you familiar with the contents of this
1896 document?

1897 . A Number one, because I have glanced as I said before

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1898 at this document in the past and number two, because I
1899 remember being at a meeting that took place in which this
1900 was essentially the topic of discussion. When you asked me
1901 if I was at a fund raiser's meeting on May 23 and I said
1902 probably, the reason I say that is because I'm not
1903 absolutely positive that the meeting that I was at in which
1904 this conversation took place, took place on May 23.

1905 Q But you recall being at a fund raiser's meeting
1906 where subjects were discussed similar to the subjects
1907 described in pages 36712 through 36714; is that correct?

1908 A Yes. I recall being at a meeting in which that was
1909 the topic of conversation.

1910 Q Who participated in that meeting?

1911 A I can't say for sure who all was there, but I would
1912 assume--

1913 Q Who do you recall being there?

1914 A Absolutely positively?

1915 Q Was Mr. Channell there?

1916 A Mr. Channell.

1917 Q Was Mr. Conrad there?

1918 A I can't say for absolutely positive but almost
1919 assuredly.

1920 Q Was Mr. Smith there?

1921 A Again almost assuredly.

1922 Q Who else do you recall was there?

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1923 . A As absolutely positively being there? Jane
 1924 McLaughlin, Fred Fried.
 1925 . Q On page 36712, Mr. Littledale, toward the middle of
 1926 the page there is a statement that reads so when these
 1927 people give us \$30,000 and our ads cost \$35,000 a day around
 1928 the country, they are in many districts literally giving a
 1929 political contribution to support President Reagan's
 1930 congressional candidates. Do you see that statement?
 1931 . A I see it.
 1932 . Q Do you recall anyone at the fund-raiser's meeting
 1933 making a statement similar to that?
 1934 . A I'm pretty sure that was Mr. Channell's statement,
 1935 yes.
 1936 . Q Now, this statement was made in the context of a
 1937 meeting to raise funds for the Strategic Defense Initiative
 1938 project; was it not?
 1939 . A Yes, sir.
 1940 . Q Do you recall Mr. Channell making similar
 1941 statements in connection with fund raising for the Central
 1942 American freedom program?
 1943 . A No, sir. He didn't.
 1944 . Q Why are you certain that he did not?
 1945 . A Well, because the logic that makes that statement
 1946 that you read a moment ago possible precludes it from being
 1947 possible with the Central American issue. The reason you

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1948 | can make that statement here is because the SDI issue is
1949 | enormously popular. Polls consistently show over 60 percent
1950 | of the population supports a defense against nuclear
1951 | missiles, therefore, if you are using money to, during the
1952 | time that an election is taking place, to harp on the SDI
1953 | issue and the Republican candidate is harping on the SDI
1954 | issue and the American public is in favor of the SDI issue,
1955 | then it stands to reason that the more you advertise about
1956 | SDI, the more you make people think about it, the more they
1957 | are going to support the candidata who says yes, I favor
1958 | SDI. You don't have that advantage with Nicaragua because
1959 | polls have consistently shown that very few people support
1960 | the idea of aid to the rebels in Nicaragua, or anyway that's
1961 | the logic we were following.

1962 | . Q Well, was it not your understanding in connection
1963 | with the Central American freedom program that the
1964 | advertisements sponsored by MEPL in support of contra aid
1965 | would have a carry-over effect on the following
1966 | Congressional races where contra aid would be an issue in
1967 | the race?

1968 | . A I personally never felt that was the case, and I
1969 | don't recall that ever being a topic of conversation. That
1970 | is not to say that it wasn't at some point or another.

1971 | . Q Have you discussed this fund-raiser's meeting with
1972 | anyone in the last week?

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1973 . A No, sir.

1974 . Q When was the last time you talked to Mr. Channell

1975 about it?

1976 . A About this fund-raiser's meeting?

1977 . Q Yes.

1978 . A Probably at the time it took place.

1979 . Q Have you discussed this document relating to this

1980 meeting with anyone in the last week?

1981 . A Absolutely not. I haven't spoken to Mr. Channell

1982 since the very end of May or the beginning of June of this

1983 year, and this specific document has never been a topic of

1984 conversation between me and anyone else unless it was in the

1985 days or weeks or two immediately following when it took

1986 place, and I don't specifically recall it ever taking place.

1987 . Q I believe you said you believed you had seen this

1988 document before?

1989 . A Oh, yes.

1990 . Q When was the last time you think you saw it?

1991 . A Probably in collecting my stuff to turn it over to

1992 counsel.

1993 . Q So you had a copy of this?

1994 . A Oh yes. This document was provided to everybody.

1995 That's why it was typed up. This was typed up from a tape.

1996 . Q Right.

1997 . A Essentially what you have here is Mr. Channell

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1998 talking, it being taped and then the tape being turned over
1999 to a secretary to be typed and thence distributed to the
2000 fund raisers.
2001 . 2 All right.
2002 . Turning to the next document which is document
2003 36004 which is a telegram to Colonel North dated September
2004 9, 1986, and at the bottom has the names of Mr. Channell,
2005 Mr. Smith and yourself, do you recall that--first of all, do
2006 you recall this mailgram?
2007 . 1 I have seen it before.
2008 . 2 Were you aware that it was being sent at the time
2009 it was sent?
2010 . 1 No, sir.
2011 . 2 When did you first learn it was being sent?
2012 . 1 Within a few days after it being sent we received a
2013 copy of it in the office and I either read a copy sitting on
2014 the secretary's desk or else I received a copy of it. I
2015 probably received a copy of it.
2016 . 2 What was the reason that you understand this
2017 mailgram had been sent to Colonel North?
2018 . 1 Well, if you will recall, earlier on I described an
2019 ad run by the Anti-Terrorism American Committee that
2020 discussed the political leanings of Linda Chavez and Barbara
2021 Mikulski and I explained that while everybody thought,
2022 including Chavez and Mikulski, that the purpose of the ad

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2023 was to do damage politically to Ms. Mikulski, the actual in
2024 fact purpose of it was to do damage to Michael Barnes. We
2025 all hated Michael Barnes. Certainly Colonel North was
2026 unlikely to be terribly fond of Congressman Barnes and as I
2027 understand it, Mr. Smith and Mr. Channell were watching the
2028 returns come in from the primary race and when it became
2029 quite clear that Mr. Barnes was going to lose, Mr. Channell
2030 and Mr. Smith were very pleased and sent a telegram to
2031 Colonel North saying essentially what it says there.

2032 . We are delighted to inform you that Michael Barnes
2033 is not going to be a thorn in your side anymore, or words to
2034 that effect.

2035 . Q Who told you about this origin of the mailgram?

2036 . A Either Mr. Smith or Mr. Channell. I don't recall
2037 whom. I just remember that after I saw it I asked somebody
2038 about it and they said oh gee, well yes, we sent it when we
2039 saw that Barnes had definitely lost.

2040 . Q Do you know why they sent a mailgram instead of
2041 just telephoning Colonel North?

2042 . A I haven't the foggiest. Although I can give you an
2043 explanation as to a likely reason they would.

2044 . Q What would that explanation be?

2045 . A So that you have a copy of it that you can send to
2046 contributors.

2047 . Q Are you aware of any discussions involving Colonel

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2048 North concerning the defeat of Congressman Barnes?

2049 . A None that I'm aware of, no, sir.

2050 . Q So you haven't heard of any such conversation?

2051 . A Not that I can recall. I never got the impression

2052 that Congressman Barnes was A. very aware politically. When

2053 I say politically, I mean electorally, or that he really

2054 cared much.

2055 . Q That Congressman Barnes--

2056 . A Colonel North. I'm sorry. I misspoke.

2057 . Q This mailgram states that we at the Anti-Terrorism

2058 American Committee feel proud to have participated in a

2059 campaign to ensure Congressman Barnes' defeat. Now, you

2060 have described, Mr. Littledale, the advertisement that the

2061 committee sponsored that featured Linda Chavez and Barbara

2062 Mikulski.

2063 . A Yes.

2064 . Q Other than that advertisement what participation

2065 did the committee have to ensure the Barnes defeat?

2066 . A None that I'm aware of.

2067 . Q That's the only activity you are aware of?

2068 . A Yes, sir.

2069 . Q Did you consider the earlier Sentinel ads that we

2070 have described that were very negative on Congressman Barnes

2071 to be a part of a long-range plan to ensure his defeat in

2072 this election?

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2073 . A I would say that at the--see, I'm not even sure
2074 right now whether at the time the Sentinel ads were running
2075 Barnes was even a candidate, official or unofficial for the
2076 Democratic nomination for the Senate. In the event that he
2077 was an official or unofficial candidate for the Democratic
2078 nomination for the Senate at the the time Sentinel ads took
2079 place, I wouldn't doubt that we were all thinking about ways
2080 to encourage Mr. Barnes' defeat. None of us thought that
2081 the Sentinel ads regarding Nicaragua would have any real
2082 effect or anyway I didn't--and I don't think anybody else
2083 did--that the Sentinel ads would have any real effect on his
2084 chances of receiving the Democratic nomination because
2085 Maryland is a fairly liberal state, where the popularity of
2086 aid to the freedom fighters is probably even considerably
2087 lower than it is nationwide.

2088 . And when you are dealing with a figure that seems
2089 to hover, as aid to the freedom fighters does, somewhere in
2090 the 30s, you get much lower than that, ads regarding the
2091 subject certainly aren't going to make a lot of difference.
2092 The only people that were likely to be affected by the
2093 Sentinel ads against Mr. Barnes are people that are probably
2094 A- Republicans, and B, rather conservative. So no. I think
2095 it's very, very far-fetched to suggest that the Sentinel ads
2096 run regarding Mr. Barnes were part of an effort to defeat
2097 him.

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2098 . Q Turning to the last two pages in this exhibit,
2099 numbers 33331 and 33330, does your handwriting appear on
2100 those pages?

2101 . A It does.

2102 . Q Is it all in your handwriting or just part?

2103 . A Just part.

2104 . Q Would you identify your handwriting?

2105 . A All of it except the date in the upper left hand
2106 corner, my name with a box around it and at the very bottom
2107 it says Green, October, November, March, April. Everything
2108 except those things that I have identified are in my
2109 handwriting.

2110 . Q And was in prepared in response to a request by Dan
2111 Conrad for information concerning your fund-raising
2112 activities?

2113 . A Yes, sir.

2114 . MR. FRYMAN: I ask the reporter to mark this
2115 document as Littledale Deposition Exhibit 2 for
2116 identification.

2117 . [Littledale Deposition Exhibit No. 2 was marked for
2118 identification.]

2119 . BY MR. FRYMAN:

2120 . Q Mr. Littledale, would you look at Deposition
2121 Exhibit 2 for identification which is a document produced by
2122 counsel for the Channell organizations. It's a page of

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2123 handwritten notes and it has the identification number
2124 37851. Is your handwriting contained in that page?
2125 . A Yes, sir.
2126 . Q Is it all in your handwriting?
2127 . A With the exception of the lower right-hand corner
2128 where it says Littledale Deposition Exhibit 2.
2129 . Q What was the occasion when you made these notes?
2130 . A This was April or perhaps early May, but probably
2131 April of 1986. It was just when the Anti-Terrorism American
2132 Committee was being formed and it was some notes I made on
2133 what kinds of things to say regarding when raising money.
2134 It was notes for making solicitations.
2135 . Q Was this note you made of a conversation with
2136 someone else or are these your own ideas that you were
2137 putting down here?
2138 . A These are notes from a conversation with somebody
2139 else.
2140 . Q Who is the other person?
2141 . A I believe it's a compilation of a conversation that
2142 took place with Mr. Channell and some notes that Mr. Smith
2143 showed me from a conversation he had with Mr. Channell.

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2144 RPTS CANTOR
2145 DCMN KOENLER
2146
2147 . Q Toward the bottom of the page the name Giddens
2148 appears, do you see that?
2149 . A Yes.
2150 . Q What are the notes that relate to the Giddens?
2151 . A The Giddens knew Colonel North before they came in
2152 contact with him through us, and they were very, very fond of
2153 him. Mrs. Giddens was a fairly close personal friend of
2154 both Colonel North and Colonel North's wife, Betsy, and
2155 therefore, it seemed that being as how one of the primary
2156 purposes of the formation of the Antiterrorism American
2157 Committee was to see to the defeat of Michael Barnes, it
2158 made perfectly good sense to solicit the Giddens for money
2159 for the Antiterrorism American Committee, and it says
2160 "Giddens Re" What that means is talk to Giddens re.
2161 . Q And then you have after that CIA, Nicaragua and
2162 embassy security?
2163 . A Correct.
2164 . Q What does the CIA have to do with this?
2165 . A One of the lines that we were going to use in
2166 solicitations was that the Antiterrorism American Committee,
2167 as its name would suggest, its purpose is antiterrorism,
2168 being against Congressmen that are not supporting the

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2169 President in his desires to a) ~~for~~ the CIA to conduct more
 2170 covert antiterrorist operations, b) his policies against
 2171 Nicaragua, c) the President's recent request, or recent at
 2172 that time, for more money to beef up embassy security.

2173 . We were going to use the Antiterrorism American
 2174 Committee to try to defeat candidates who opposed giving the
 2175 CIA more of a free hand, opposed aid to the freedom
 2176 fighters, and were not supporting the President in his
 2177 request for more aid to help beef up embassy security.

2178 . Q The reason for the focus on Congressman Barnes,
 2179 however, was his role in leading the opposition to aid to
 2180 the Nicaraguan resistance, was it not?

2181 . A Certainly was.

2182 . Q And that was discussed with Mr. Channell?

2183 . A We discussed it many times.

2184 . Q And with Mr. Smith?

2185 . A And with Mr. Smith, certainly.

2186 . Q What does the line at the bottom of the page mean,
 2187 "R.R. informed on his return."?

2188 . A I can't remember for certain, but it probably means
 2189 that President Reagan was out of town at the time in a
 2190 foreign country or wherever, and that he was going to be
 2191 informed of the formation of this new political action
 2192 committee when he returned from wherever he was.

2193 . Q What was your basis for believing that he would be

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2194 | so informed?

2195 | . A Mr. Channell would tell me that. Mr. Channell was

2196 | constantly telling contributors and telling us to tell

2197 | contributors, Ronald Reagan is going to hear about this

2198 | right away.

2199 | . Q Do you have any knowledge of Mr. Channell's basis

2200 | for believing that President Reagan would be informed about

2201 | the formation of this committee?

2202 | . A It is fluff, it is fundraising fluff.

2203 | . Q So you have no knowledge?

2204 | . A Absolutely not. I mean, there is a very easy way

2205 | that you make that a true statement. You send President

2206 | Reagan a letter in the mail saying, by the way, we are the

2207 | Antiterrorism American Committee and we have just been

2208 | formed to defeat your political enemies. There, you have

2209 | informed President Reagan.

2210 | . Q In late 1986, Mr. Littledale, are you aware of any

2211 | revisions that were made in the MEPL financial records to

2212 | remove the word, "toys"?

2213 | . A I was aware that took place.

2214 | . Q What do you know about that?

2215 | . A Very little. Only that it took place.

2216 | . Q So it's your understanding that by late 1986, the

2217 | word "toys" was a part of the MEPL financial records?

2218 | . A Yes.

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2219 . Q Do you know who ordered the removal of the word?
2220 . A I don't know. I would assume Mr. Channell ordered
2221 it, but that is merely an assumption not based on any
2222 concrete knowledge, and I am not really sure that the
2223 removal took place in late 1986. I thought it had taken
2224 place in early 1987.
2225 . Q Do you know the reason why the changes were ordered
2226 to be made?
2227 . A I think it had to do with the fact that Jane
2228 McLaughlin had gone public. That is why I believe that it
2229 took place in 1987 rather than 1986.
2230 . MR. FRYMAN: Mr. Littladale, I have no further
2231 questions.
2232 . BY MR. MCGOUGH:
2233 . Q Mr. Littladale, you indicated to Mr. Fryman that
2234 you are currently engaged in solicitation of funds for the
2235 contras, is that correct?
2236 . A Absolutely not. I will never again solicit money
2237 for the purpose of giving it to the contras. Thank you very
2238 much.
2239 . Q I misunderstood that. What is your current line of
2240 employment?
2241 . A I am soliciting funds for a foundation whose
2242 purpose is to run educational ads on various and sundry
2243 foreign policy issues, one of which is the Nicaragua

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2244 subject.

2245 . Q I misunderstood and I am glad we clarified that.

2246 What is the foundation that is doing this?

2247 . A United States Freedom Foundation.

2248 . Q And who is the principal in that foundation?

2249 . A The president of the foundation is Cliff Smith.

2250 . Q Are there any other former members of Mr.

2251 Channell's organization involved in that foundation?

2252 . A Mr. Raphael Flores is also a former staff member.

2253 . Q Are you an officer in that foundation?

2254 . A I am.

2255 . Q What is your position?

2256 . A Vice~~president~~ president.

2257 . Q And I believe your fundraising efforts are directed

2258 toward educational programs, public education programs?

2259 . A Yes.

2260 . Q On foreign policy issues, is that fair to say?

2261 . A That's correct.

2262 . Q And you are not currently engaged in any

2263 solicitation for direct support, if I could call it that, of

2264 the contras?

2265 . A Not in any way, shape or form. I have only been

2266 rid of Mr. Walsh for a few months, and I ^{have} this horrible

2267 suspicion I am not totally rid of him, and I don't want to

2268 see him or anybody like him again.

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2269 . Q Is the foundation with which you are currently
2270 affiliated a 501 C 3 organization?

2271 . A It has applied for that status.

2272 . Q Are you aware of any gifts, money, or any other
2273 thing of value that Oliver North or any member of his
2274 immediate family may have received from Mr. Channell or
2275 anyone associated with his organizations or the
2276 organizations themselves?

2277 . A I am not aware of any such gifts he may have
2278 received from anybody who was in the employ of Mr. Channell.
2279 I have the impression that a woman who gave numerous
2280 contributions to the National Endowment and other Channell
2281 entities did give Colonel North a couple of gifts at one
2282 point or another.

2283 . Specifically, I believe she gave a pony to one of
2284 Colonel North's daughters, and I believe that she gave
2285 Colonel North two T-shirts.

2286 . Q And which contributor is that?

2287 . A Barbara Christian.

2288 . Q Other than the pony and the T-shirts, are you aware
2289 of any other gifts or items of value?

2290 . A No.

2291 . Q That Colonel North might have received.

2292 . A None whatsoever.

2293 . Q Earlier in your deposition, you indicated that you

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2294 were aware of allegations that Ms. McLaughlin had made to
2295 various elements [REDACTED] of the media in early 1987, and
2296 you implied, although I don't know whether you expressly
2297 stated it, but you implied that some of those allegations
2298 you believed to be false. Really that is my question. Was
2299 there anything that Ms. McLaughlin alleged, or was reported
2300 to have alleged, that you believe was in fact false?

2301 . A No. I didn't mean to give that impression.

2302 . Q Maybe I am reading too much into your testimony,
2303 but I read into something you said earlier implicit
2304 disapproval of what she had done?

2305 . A Oh, absolutely.

2306 . Q And from what did that disapproval stem?

2307 . A She is a traitor.

2308 . Q But you have no quarrel with any of the allegations
2309 that have been attributed to her in the media, as far as the
2310 truth of those allegations go?

2311 . A I haven't read most of them.

2312 . Q But the ones you have read, let's limit it to that.

2313 . A The one that I am enormously familiar with is the
2314 allegation regarding raising money for weapons, and no, that
2315 is absolutely true.

2316 . Q At the time you were raising money for weapons,
2317 were you concerned about the legality of those activities?

2318 . A I wasn't concerned about it. I was pretty damn

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2319 sure it was illegal.

2320 . Q And on what did you base that conclusion?

2321 . A As it turns out, the legality of it had nothing to

2322 do with where I thought the legal problems were. I thought

2323 the legal problems were probably with the Neutrality Act and

2324 the Boland Amendment, which shows you how much I knew about

2325 the various and sundry Boland amendments, but no, I felt

2326 sure we had to be violating one or both of the neutrality

2327 act~~s~~ and Boland amend~~me~~nts.

2328 . Q Did you discuss your impressions as to the legality

2329 of your efforts with Mr. Channell or Mr. Conrad.

2330 . A No.

2331 . Q Did you discuss it with anyone else in Mr.

2332 Channell's organizations?

2333 . A No.

2334 . Q Let me ask you what is obviously the follow-up

2335 questions. Why did you continue to do it if you thought it

2336 was illegal?

2337 . A Because it was the right thing to do.

2338 . Q In what sense?

2339 . A Well, there is an old saying if that is what the

2340 law says, then the law, sir, is a--expletive deleted. And I

2341 am in firm belief that in this case that is true, and I was

2342 brought up believing that if something is absolutely

2343 positively wrong, then you right it as best you can. You

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2344 don't worry too doggonn much about the legal ramifications.
2345 . Q When you first joined Mr. Channell's organization,
2346 you weren't aware of that aspect of the fundraising, were
2347 you?

2348 . A That money was being raised for--?
2349 . Q For lethal assistance.
2350 . A No, I wasn't.
2351 . Q Did you discuss the propriety of tax deductions for
2352 contributions for lethal assistance with anyone in Mr.
2353 Channell's organization?

2354 . A No. I never did, because I assumed that it was
2355 perfectly all right. As I said earlier, the only laws I
2356 thought we were having problems with were the Neutrality Act
2357 and the Boland amendments; and to show you what I know of
2358 tax law, it was my assumption that, if you made a
2359 contribution to an organization that was a tax deductible
2360 organization, then the contribution was tax deductible, and
2361 the people that potentially had problems were the foundation
2362 itself. I would have thought an awful lot harder and longer
2363 about what I was doing, had I known that, potentially, I was
2364 creating legal problems for the contributors themselves.

2365 . Q Let me follow up on the other side of that coin.
2366 How did you understand the mechanism to work as far as
2367 converting the contributions into the items that the
2368 contributions were given for?

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2369 . A I had no knowledge of how that was taking place. I
2370 had supposition only, and it was totally uneducated
2371 supposition.

2372 . Q What was your supposition?

2373 . A That in one way or another the money was being
2374 turned over to Colonel North for his disposal for the
2375 purchase of weapons.

2376 . Q On what did you base that supposition?

2377 . A Made it up out of my own head. I mean, Colonel
2378 North obviously knew what we were doing. He was certainly
2379 taking steps to make it easier for us, and, therefore, it was
2380 my assumption that the money was being made available to him
2381 to be spent to help the freedom fighters.

2382 . Q To your knowledge was anyone else in the United
2383 States Government, other than Colonel North, aware of your
2384 efforts, and I am speaking of you collectively, as the
2385 general organization's efforts to raise lethal assistance
2386 for the contras?

2387 . A No, I don't know of anybody else that was aware of
2388 our efforts.

2389 . Q Did Mr. Channel, Mr. Conrad, or Colonel North ever
2390 speak of someone else in the United States Government being
2391 aware of those efforts?

2392 . A No, he did not.

2393 . Q Did a contributor ever ask you how he, the

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2394 contributor, could be sure that his money in fact would go
2395 to purchase surface to air missiles or a Maule airplane?

2396 . A No.

2397 . Q Did you ever explain to a contributor how that
2398 might come about?

2399 . A The specific mechanics?

2400 . Q Did you ever make any assurance to a contributor as
2401 to how it might be done?

2402 . A No. I may, at some point or another, have said
2403 something like, well, you can see from Colonel North's
2404 helping us that it is going where it should be, something
2405 like that, but specific assurances about well, we take the
2406 money from here, we put it here, it goes over there, it goes
2407 over there, and then it goes over there, I wouldn't have
2408 known what to say.

2409 . Q Were you aware of any deductions being made from
2410 contributions for the Contras prior to that money being
2411 passed on for the purchase of whatever the object was?

2412 . A Certainly, I was aware that we took our overhead
2413 out of contributions made, yes.

2414 . Q Were you aware of what percentage of that overhead
2415 usually was?

2416 . A I was assured throughout my stay there that it ran
2417 between 18 and 22 percent.

2418 . Q Assured by whom?

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2419 . A Mr. Conrad, Mr. Channell, Mr. McMahon.

2420 . Q You didn't make your pitch for lethal assistance to

2421 all your contributors, did you?

2422 . A No.

2423 . Q How did you select the contributors to whom you

2424 made that pitch?

2425 . A From my readings of their personalities, from

2426 conversations with them.

2427 . Q What did you look for?

2428 . A Somebody that was exceptionally vehement in their

2429 anti-communism.

2430 . Q Did you ever refer to them as bloody types?

2431 . A Oh, yes.

2432 . Q You said that with some enthusiasm. What did you

2433 mean by that term?

2434 . A I meant it was somebody that would be interested in

2435 providing money for the purchase of lethal assistance.

2436 . Q Did you ever refer to them as political crazies?

2437 . A I might have. I don't recall specifically doing

2438 so, but it is certainly the kind of thing I might say, but

2439 political crazies I wouldn't be referring, if I used that

2440 term, it wouldn't be referring to somebody that was a likely

2441 candidate for a solicitation for military equipment. That

2442 would be a phrase I would use to describe somebody that was

2443 very, very interested in selective application, and therefore,

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2444 would be a likely candidate for a solicitation for a
2445 political action committee, at least taken out of context.
2446 . Q In the course of your questioning by Mr. Fryman,
2447 did you discuss each of the contributors whom you recall
2448 soliciting for lethal aid?
2449 . A Yes, anybody that I recall asking for money for
2450 guns, I brought up with him^Q if I don't, I think I am
2451 probably breaking law, or certainly making my immunity
2452 agreement with you all null and void.
2453 . Q I just wanted to make sure we closed this out.
2454 . A Yes. I mean it is entirely possible that I asked
2455 somebody somewhere for some very small amount of money for
2456 lethal aid that I haven't mentioned, but I certainly don't
2457 recall it.
2458 . Q When you solicited money for a surface~~to~~air
2459 missile, for example, did you specify that money to be used
2460 for a surface~~to~~air missile?
2461 . A Yes.
2462 . Q Did you ever become aware of a situation where, in
2463 fact, that money was not used for its intended purpose?
2464 . A No, although there have been plenty of allegations
2465 to that effect in the last several months, and I have been
2466 aware generally of those allegations.
2467 . MR. McGOUGH: I think that is all I have.
2468

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2469 RPTS MCGINN

2470 DCMM SPRADLING

2471 [6:00 p.m.]

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2472

2473 . BY MR. OLIVER:

2474 . Q Mr. Littledale, you indicated earlier that Mr.

2475 North never asked for money from anyone to your knowledge;

2476 is that correct?

2477 . A Not in my presence, no.

2478 . Q Did you ever discuss with him--

2479 . A With?

2480 . Q Colonel North, subsequent to the contributions

2481 having been made that the people that he had met with had

2482 contributed money for the cause?

2483 . A No. As a matter of fact, the only two

2484 conversations I ever had with Colonel North in which we had

2485 an exchange of words as opposed to me simply listening to

2486 him giving his little schpiel that he use to give was at the

2487 table that I described with the guidance in which I said was

2488 the worst problem the freedom fighters have, and he said

2489 helicopters, and I said what do we do about it, and he

2490 described surface-to-air missiles, that was one

2491 conversation.

2492 . The only other conversation I had was he came to a

2493 little party we had over at the--what's the new hotel, the

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ANGOLA?
PALAMA?
LSMAEL?

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2494 Willard, the little party we had over at the Willard on
2495 election evening in '86 and he arrived very, very late. I
2496 went trotting on over to him because I admired him quite a
2497 bit and I said ^{1:16:11} ~~for some~~ reason or another I heard he had
2498 been over in [REDACTED] or something like that. I said gee
2499 whiz, how was your trip to wherever it was and he said oh,
2500 well we are not supposed to talk about that and I said oh,
2501 sorry about that, Colonel. Have a nice evening and that was
2502 the sum total of my conversations with him.

2503 I didn't really feel in a position to talk to him
2504 very often. He very clearly was far and away my superior.

2505 Q Did you provide the names of your contributors to
2506 someone in order for them to receive a thank you letter from
2507 Colonel North?

2508 A Uh-huh. On occasions when Colonel North was going
2509 to send a number of thank you letters Spitz would say
2510 there's a list on Angela's desk of people that are getting
2511 thank you letters. Look at it and add anybody you feel
2512 should be added.

2513 Q So you added to that list the people who had
2514 contributed?

2515 A Right. For anything, not just for military
2516 purposes.

2517 Q Did you supply names for letters that were to be
2518 sent by President Reagan to any of these individuals?

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2519 . A Not to my recollection. I wasn't even, that I
2520 recall, aware that President Reagan had sent any letters to
2521 any individual people.

2522 . Q Did you discuss these thank-you letters with any of
2523 your contributors after they had received them?

2524 . A I think one or two of them may have very briefly
2525 mentioned it in passing, but that's about it.

2526 . Q Were these people who had contributed money for
2527 lethal aid?

2528 . A I don't recall. The conversations that took place
2529 regarding those letters was so limited that I don't even
2530 recall the specific instances when they happened. I just
2531 have a general recollection of the subject having come up
2532 with some contributor or other.

2533 . Q You mentioned earlier that Mr. Kuykendall had
2534 called you after the Jane McLaughlin story broke in the
2535 newspapers and asked you to come to his office?

2536 . A Uh-huh.

2537 . Q And you indicated that he suggested that you might
2538 wish to talk to Rita Beamish about Ms. McLaughlin? [REDACTED]
2539 [REDACTED]

2540 . A Right.

2541 . Q And you declined that invitation after consultation
2542 with your attorney?

2543 . A That's correct.

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2544 . Q Did he indicate to you that he had discussed this
2545 idea with anybody else?
2546 . A Well, I think I remember him saying that he had
2547 already mentioned it to Rita Beamish and that she was very
2548 anxious for such an interview.
2549 . Q [REDACTED]
2550 [REDACTED]
2551 . A I really don't know.
2552 . Q Did he indicate to you that he had discussed it
2553 with Mr. Channell?
2554 . A I don't recall him doing so, no.
2555 . Q Why do you think he called you?
2556 . A He may have heard from Mr. Channell my initial
2557 reaction to Jana McLaughlin's^a quitting, her actions
2558 immediately following her resignation, and may also have
2559 heard my reactions to her going public with her story. To
2560 say that my reactions were exceptionally negative would
2561 perhaps be a bit of an understatement and I think he may
2562 have lit on me as being a good person simply because of how
2563 strongly I felt on the subject. Also the fact she was not
2564 terribly close with Cliff in the office, and so I was sort
2565 of a good candidate.
2566 . Q Was he disappointed when you declined to do this?
2567 . A Yes.
2568 . Q What did he say?

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2569 . A He said gee whiz, that's a shame. We could have
2570 really done something with this but if that's what your
2571 attorney tells you to do, we just don't have any choice
2572 about it. And I said yeah, I'm really sorry. I was looking
2573 forward to it.

2574 . Q Did you suggest there might be anybody else who
2575 might be able to fill that role?

2576 . A I may have suggested that he talk to Mr. Flores⁸ on
2577 the subject, I may have. I don't recall doing it but trying
2578 to put myself back in the situation, I might well have
2579 suggested that.

2580 . Q Did he talk to Mr. Flores about the subject?

2581 . A I don't know. Despite the fact that I'm in
2582 business with Mr. Flores and Mr. Smith, we don't discuss
2583 this whole thing very often simply because our various and
2584 sundry respective attorneys have told us not to. Any time
2585 we discuss it, some fancy prosecutor somewhere might try and
2586 construe it as obstruction of justice, and having faced the
2587 possibility of a trial and a lengthy prison term, we are all
2588 kind of anxious to avoid that.

2589 . Q What do you know about the services that were
2590 performed for Mr. Channell's organization by IBC?

2591 . A Now, do you want me to include what I have read
2592 about in the newspapers?

2593 . Q No. I would like to know what you know from your

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2594 own personal knowledge and experience while you were working
2595 in Mr. Channell's organizations.

2596 A Okay. All kinds of logistical support for the
2597 Central American freedom program. They ran the Speaker's
2598 tour program for us. They helped us out with fund raising.
2599 They helped with political aspects, where to put ads, where
2600 to target our campaign.

2601 Q You mean which congressional districts to run the
2602 ads?

2603 A Yes, or as we use to call them, media markets to
2604 run the ads in. I sort of learned that they were involvad
2605 with getting the money that was for lethal assistance to the
2606 contras in one way or another in that in April or May, in
2607 the spring or early summer of 1986 Mrs. Garwood made an
2608 exceptionally large contribution, somewhere in the region,
2609 once you added it all up, of about \$2 million. And Dan
2610 Conrad, shortly after that contribution, showed me a check
2611 made out to IBC in the amount of \$1,250,000, and I put two
2612 and two together and said well, Mrs. Garwood gives \$2
2613 million. It's for weapons. A million and a quarter goes to
2614 IBC. Makes sense that IBC's got something to do with
2615 getting money that's for weapons to the contras. But that's
2616 not absolute positive hard knowledge. That was, as I
2617 described it, a process of putting things together.

2618 Q Did you ask Dan Conrad why they had given the money

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2619 to IBC?

2620 . A No. I don't know how you would operate. I suppose
2621 being a lawyer you would think differently than I did, but
2622 when you are working in the kind of environment we were
2623 working in, in which you pretty much assume you are in one
2624 way or another breaking one law or another, I don't ask
2625 questions.

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2626 RPTS MCGINN

2627 DCMN PARKER

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2628 . Q Did there come a time when you traveled to Paris
2629 with Spitz Channel and Cliff Smith?

2630 . A I traveled to Paris with Cliff Smith and Raphael
2631 Flore^S and met up in Paris with Mr. Channel, who arrived, I
2632 think, a couple of days later.

2633 . Q What was the purpose of that trip?

2634 . A To attend a conference on terrorism.

2635 . Q Were there any meetings while you were in Europe
2636 that were related to fund^draising?

2637 . A The subject of fund^draising almost assuredly came
2638 up, and I do know that shortly before we left--we left and
2639 ¹few back, I think, the day before or the day that the House
2640 voted for the second time on more aid to the freedom
2641 fighters, and I do know that we talked about raising some
2642 money from Paris on the subject.

2643 . Specifically, I believe that Mr. Smith made a phone
2644 call from Paris to a contributor in Delaware, I think, to
2645 try and raise some money from her and I attempted to make a
2646 call from the airplane returning to the United States, but
2647 the line was so scratchy you couldn't make a solicitation on
2648 it.

2649 . Q Was there any suggestion of raising any money from
2650 any European entities or individuals?

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2651 . A I don't recall any discussions during the Paris
 2652 trip about raising money from Europeans.

2653 . Q When do you recall any discussions about raising
 2654 money from Europeans?

2655 . A In November of 1986 we flew over there and were
 2656 over there for about a week before returning on the day that
 2657 Colonel North was relieved of ^his post and--

2658 . Q When you say we, who do you mean?

2659 . A Myself, Mr. Channel, Mr. Conrad, Mr. Flannery, Ms.
 2660 ^{ough}McL~~in~~lin and I don't remember if Cliff was there or not.

2661 . Q What was the purpose of that trip?

2662 . A Many purposes. Number one, we were working on,
 2663 through another one of Mr. Channel's entities, Western Goals
 2664 Foundation. We ^{were} working on--I didn't really understand the
 2665 mechanics of it--buying a portion of some radio stations in
 2666 Germany and we were going over there to iron out the details
 2667 and sort of organize it and learn more about the project, so
 2668 that we could come back and raise more money for it.

2669 . Q Were there any aspects of that trip that were
 2670 related to fund-raising for the Nicaraguan resistance?

2671 . A No, not that I recall.

2672 . Q Did you ever meet Mr. Roy Godson?

2673 . A Roy Godson?

2674 . Q Yes.

2675 . A Sure don't recall meeting anybody by that name.

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2676 Who is he?

2677 . Q If you don't know him, it is not relevant.

2678 . A Don't ask questions, right?

2679 . MR. OLIVER: I would like to enter into the record

2680 at this point and ask the reporter to mark Littledale

2681 Exhibit Number 3 a packet of documents which contains the

2682 House identification numbers on the front page, the

2683 identification numbers which have been placed there by Mr.

2684 Channel's ^{counsel.} ~~counsel.~~

2685 . [The document referred to was marked as Littledale

2686 Exhibit Number 3 for identification.]

2687 . BY MR. OLIVER:

2688 . Q I would like to ask you to examine the second page

2689 of that, the page after the numbers, identification number

2690 37766, and tell me whether or not that is your handwriting?

2691 . A It most certainly is.

2692 . Q What is that document, Mr. Littledale?

2693 . A It is a file card we keep on contacts made with

2694 contributors and potential contributors.

2695 . Q When you say we, all of the fund-raisers kept cards

2696 like this?

2697 . A All of the fund-raisers were supposed to keep cards

2698 like that.

2699 . Q This document seems to indicate that the first

2700 contact with the subject of this card, Mr. Melvin Salvasser,

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2701 was on August 5th, 1985; is that correct?

2702 . A September 5th, 1985.

2703 . Q September 5th, 1985, that is correct. How did you

2704 get Mr. Salvasser's name?

2705 . A It was given to me by Mr. Channel.

2706 . Q And when you called Mr. Salvasser, does this card

2707 reflect the first conversation or a series of conversations?

2708 . A Well, the entire card reflects a series of

2709 conversations. What it really reflects is my impressions of

2710 conversations, but as you can see on line one, September 5,

2711 some impressions, then you can note that on it looks like

2712 the eighth or ninth line says that on September 17, which

2713 means I called him on September 17 and that had him using

2714 lines to the effect of "your money already being used.

2715 Wish to discuss this at meeting."

2716 . This was an attempt to get him to come to a meeting

2717 September 30--I can't make it--spoke to him again. He can't

2718 make it on October 17. "Call me in a week about meeting

2719 out there." In other words, call me later about the

2720 possibility of coming to see me. He brought up the subject

2721 of Afghanistan, indicating concern about that.

2722 . November 1 I contacted him again. He alluded that

2723 as how he has got--I obviously solicited him and he explained

2724 that he was having some financial problems at the moment.

2725 He knew that at a meeting we had had three representatives

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2726 from the contras had been there, suggested we should kill
 2727 some liberal congressman.

2728 He had been at a dinner with Bunker Hunt. He
 2729 mentioned something about something called CIS. I don't know
 2730 what that is, and Friends of the Americas. July 22, he gave
 2731 \$10,000 for food. A notation that his son's name was Brent,
 2732 another notation that sometime in 1984 he gave \$200 to
 2733 Western Goals. There.

2734 Q What did he tell you about the dinner he had had
 2735 with Bunker Hunt?

2736 A He didn't tell me anything about it, just that he
 2737 had been there.

2738 Q On the first line of the card that is in your
 2739 writing after the address, it says, "RABID anti-communist.
 2740 We should invade Nicaragua. The media is not misguided.
 2741 They are communists and the same with Congress."

2742 Is that your first conversation with him?

2743 A Uh-huh.

2744 Q Did that make you think he was a good prospect?

2745 A Oh, yes.

2746 Q Then did you arrange to go out and meet with him in
 2747 California at a later time?

2748 A At a later time.

2749 Q Who went with you?

2750 A Well, as I mentioned earlier, I went out to see him

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2751 in January, but that meeting never took place because he was
 2752 in Pennsylvania, and I wound up flying from California back
 2753 to Pennsylvania and seeing him in Pennsylvania.

2754 . Q Is this one of the individuals who later met with
 2755 President Reagan?

2756 . A No. He never met with President Reagan.

2757 . Q He met with Colonel North?

2758 . A He met with Colonel North in September or October
 2759 of 1986.

2760 . Q And how much money did he eventually contribute?
 2761 Do you know?

2762 . A I can't give you a down to the last dollar and
 2763 cent, but I would say all totaled it was probably about
 2764 five, six and 30--76, 82--I would say somewhere between \$0,000
 2765 and \$95,000 to all the various and sundry Channel entities
 2766 between September 5, 1985 and February or so of 1987.

2767 . Q When you said that he said he wanted to kill some
 2768 liberal congressmen, was he being facetious?

2769 . A Well, he said something along the lines of, "Damn,
 2770 we should kill some of these damn liberal congressmen." He
 2771 was not suggesting that we arrange a hit team, no.

2772 . Q In other words, he was being facetious.

2773 . A Yes.

2774 . Q I would like you to turn the page to document
 2775 81797. Is that your handwriting?

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2776 . A It is.

2777 . Q Does that card reflect your discussions with Mrs.

2778 Emily Woodruff?

2779 . A Yes, it does.

2780 . Q On the third and last line on 10/28, it says--would

2781 you read that beginning with the third to the last line

2782 there?

2783 . A Certainly. "October 28. Ill-Speaking with

2784 regarding Nicaragua. Nurse jumped on phone. You have

2785 listened long enough, Emily. This is ridiculous. You hang

2786 up right now. Emily Woodruff, F.W. Apologized, said she

2787 was ill and would have to hang up or nurse would get

2788 angry."

2789 . Q Did you ever call her back?

2790 . A I tried to call her a couple of times after that.

2791 I never again did speak to her again after that.

2792 . Q Do you know what her illness was?

2793 . A No, I don't.

2794 . Q Would you turn to the next page to document 81799?

2795 Is that your handwriting?

2796 . A It is.

2797 . Q On the third line in this document, which I assume

2798 refers to Mr. Kenneth Giddans or on the second line of the

2799 text, it says he is part of Caribbean International

2800 Foundation. Do you know what that is?

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2801 . A No, I don't.

2802 . Q Do you know how much money Mr. Giddens eventually

2803 gave at your request?

2804 . A Mrs. Giddens actually gave the money and the total

2805 was \$42,500. Two contributions, one of \$~~1~~⁴0,000; one of

2806 \$2,500.

2807 . Q What were they for?

2808 . A Ten thousand dollars was for the educational

2809 campaign. Thirty-thousand dollars was intended as half the

2810 purchase of a Maule aircraft.

2811 . Q Would you turn to the next page, document 81800?

2812 Is that your handwriting?

2813 . A It is, sir.

2814 . Q On the sixth from the bottom line it says, and

2815 correct me if I read this wrong, "wants to speak or

2816 Goodman," is that correct?

2817 . A That is correct, sir.

2818 . Q What did he want to speak to Spitz or Goodman

2819 about?

2820 . A This is, again, Mrs. Giddens, not Mr. Giddens. I

2821 don't know. She just said, "Gee whiz! I have got

2822 something I want to talk with either Spitz or the Goodman

2823 brothers about."

2824 . Q How did she know about the Goodman brothers?

2825 . A She had met them at the dinner following the

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2826 meeting with the President in January of 1986.

2827 . Q Do you know whether or not what she wanted to talk

2828 to them about related to the television ads which were being

2829 run?

2830 . A It almost assuredly did.

2831 . Q But you don't know what the substance of what she

2832 wanted to say then was?

2833 . A The specifics of it, no. It related to the

2834 campaign, the public education campaign we were running. I

2835 can say that fairly comfortably.

2836 . Q Did you arrange for her to talk to Spitz or the

2837 Goodman brothers or the Goodmans?

2838 . A Not that I recall doing, no.

2839 . Q Would you turn to the next document, document

2840 81776. Is that your handwriting?

2841 . A It is, sir.

2842 . Q Is that a card for Mr. Henry Salvatore?

2843 . A It is, sir.

2844 . Q On the last line it says, "September 23 5K." I

2845 assume that is \$5,000.

2846 . A Correct, sir.

2847 . Q For South Africa.

2848 . A Yes, sir.

2849 . Q What was that project?

2850 . A We ran a couple of ads after the President vetoed

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2851 the South African sanctions measure and before the veto was
2852 overridden, Sentinel ran a couple of ads saying support the
2853 President. Don't override the veto.

2854 . Q On the third line of the text it says, "'6/16,"
2855 which I assume is June 16, "'10K for Barnes ads."

2856 . A Uh-huh.

2857 . Q Could you tell me what that refers to?

2858 . A That refers to the Sentinel lobbying ads. There
2859 was a whole body of ads, one on Michael Barnes that was
2860 exceptionally tough and a number that were similar, but
2861 softer in tone and those ads collectively were referred by
2862 him in the office, too, as the Barnes ads.

2863 . Q Weren't the votes for assistance to the Nicaraguan
2864 freedom fighters held in the spring and summer of 1986?

2865 . A The first vote took place in March of 1986. The
2866 second vote took place on June 26 or 25 of 1986. This
2867 solicitation took place approximately ten days before the
2868 final and successful vote in the House.

2869 . Q Was this during Mr. Barnes' campaign for the Senate?

2870 . A As I said earlier, I don't know whether Mr. Barnes
2871 was an active candidate at that time yet, a declared
2872 candidate. At that time he probably was almost assuredly,
2873 if not a declared candidate, then everybody knew he was
2874 going to run. I think given that it was only three months
2875 before the vote, he was probably a declared candidate by

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2876 then.

2877 But the ads don't refer to political advertisements

2878 done by a political action committee. That line, June 16,

2879 specifically refers to a \$10,000 contribution he made to

2880 Sentinel for the lobbying ads.

2881 Q Were those ads run in the Washington media market?

2882 A The ones relating to Michael Barnes were. The ones

2883 relating to other congressmen were run in their home

2884 districts.

2885 Q If the Barnes ads were run in the Washington media

2886 market while Mr. Barnes was a candidate for U.S. Senate in

2887 this jurisdiction, wouldn't they be covered by the

2888 independent expenditures laws?

2889 A Not if they don't mention election, they won't. My

2890 understanding is if they don't mention election, they have

2891 got absolutely nothing whatsoever to do with campaigns.

2892 These ads didn't tell anybody to vote for or against a

2893 congressional candidate. They told congressmen to support

2894 President Reagan and vote for aid to the freedom fighters.

2895 I don't see what that has to do with an election.

2896 Q Would you turn to the next page to document 81774?

2897 Is that your handwriting?

2898 A It is, sir.

2899 Q It indicates on the next to the last line ''6/16

2900 \$500 for Barnes ads.'' Was that for the same purpose you

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2901 described for previous contributors?

2902 . A It certainly was.

2903 . Q Would you turn to the next page to document 81851?

2904 Is that your handwriting?

2905 . A It is.

2906 . Q In the middle of the page it says these are the

2907 same congressmen that in most cases voted against aid for

2908 the freedom fighters, and then it lists Mike Barnes, Senator

2909 Cranston, Dellums, Chris Dodd, Solarez--I assume that is

2910 Solarz; is that correct?

2911 . A Yes.

2912 . Q Hal Levine, Gus Savage, Mike Fowler and Garcia.

2913 What was the purpose of this listing, and what does this

2914 note refer to?

2915 . A This specifically is notes made pursuant to the

2916 formation of the Anti-Terrorism American Committee, and this

2917 discusses some of the candidates that--or congressmen that

2918 the Anti-Terrorism Committee intends to target for defeat.

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2919 RPTS CANTOR

2920 DCHM MILTON

2921 [6:30]

2922

2923 . Q The Antiterrorism American Committee was designed
 2924 to defeat congressmen who voted against aid for the freedom
 2925 fighter in Nicaragua?

2926 . A It was designed to defeat congressmen who did not
 2927 support the President's antiterrorism policies. As I
 2928 mentioned earlier in the document that one of you all showed
 2929 me, it specifically was formed to defeat candidates that did
 2930 not favor President Reagan's policy of giving the CIA more
 2931 authority to conduct covert antiterrorism policies. It
 2932 wanted to target candidates that by not supporting the
 2933 President on Nicaragua were supporting terrorism and hurting
 2934 his antiterrorism policies and it wanted to target
 2935 candidates that were not voting for more money for embassy
 2936 security. It was to target candidates that were not
 2937 supporting all aspects of President Reagan's antiterrorism
 2938 policies.

2939 . Q There are stars besides the names of Mike Barnes,
 2940 Senator Cranston, Gus Savage and Wynch^E Fowler. Do you know
 2941 why you put stars there?

2942 . A I can't remember now.

2943 . Q Would you turn to the next page, document 76040.

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2944 Is that your handwriting?

2945 . A It most certainly is not.

2946 . Q And the next page, document 76041, that is also not

2947 your handwriting?

2948 . A That is not my handwriting either.

2949 . Q Do you know whose handwriting it is?

2950 . A I won't swear to it, but I believe it's the

2951 handwriting of a chap that quit. What was his name? Mike

2952 Icaballis. I believe that is his handwriting. I'm not

2953 sure.

2954 . Q Why did he quit?

2955 . A He got another job. I think the pressure of all

2956 this craziness in the winter and spring of 1987 was getting

2957 a little bit heavy for him, so he decided to go elsewhere.

2958 . Q Do you know anything about an appointment with Lyn

2959 Hoffiger for any of the officials of Mr. Channell's

2960 organizations?

2961 . A I know that at some point Spitz met with Lyn

2962 Hoffiger about something, but I really don't know what.

2963 Didn't we pay him some money for something? Was it

2964 Hoffiger?

2965 . Q Do you remember?

2966 . A I know there was some fellow who used to be an

2967 administration official who was retained for I think this

2968 winter for a while, but I don't remember for sure who it

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2969 was. Somebody we were paying \$20,000 a month to their firm,
2970 but I don't remember.

2971 . Q Do you remember what it was for?
2972 . A Public relations regarding this whole mess.
2973 . Q Would you turn to the next document, document
2974 37843. Is that your handwriting?
2975 . A Yes, it is.
2976 . Q On the top entry it says, "'20K check,'" and then
2977 beside that Mel Salvasser, and I assume that is his phone
2978 number, and then it says, "'Win struggle within
2979 administration.'" What does that refer to?
2980 . A The American Conservative Foundation was going to
2981 sponsor a conference on the support of the insurgent
2982 warfare, and the logic behind this conference on insurgent
2983 warfare or one of the logics behind it was that there are a
2984 certain amount of people within the administration that
2985 support the idea of the so-called Reagan doctrine arming
2986 anti-communist guerrillas around the world, and there are
2987 certain that are not terribly in favor of it, and one of the
2988 theories behind this conference was that it was to help our
2989 side of that, if you will.
2990 . Q And Mr. Salvasser was contributing for that
2991 purpose?
2992 . A He was going to give money for that, yes. In the
2993 end, he never did.

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2994 . Q On the last line it says, "Ollie idea." Was this
2995 conference Oliver North's idea, on the last two words of the
2996 third line?
2997 . A So Spitz told me.
2998 . Q Spitz also told you that Ollie was terribly
2999 worried?
3000 . A Yes.
3001 . Q What are the last two words on the second line, the
3002 word before "report"?
3003 . A "Bring."
3004 . Q What report were you referring to?
3005 . A The report that the conference would produce.
3006 . Q And that that report was supposed to be brought to
3007 president Reagan?
3008 . A Correct.
3009 . Q Did the conference ever take place?
3010 . A No, it did not.
3011 . Q The next entry is under Barbara Newington. Would
3012 you read that entry after Barbara Newington, please?
3013 . A Certainly. "Phone Number [REDACTED]" and,
3014 "All now, Green set this up before he disappeared. Green
3015 to be there. Getting money for grant for him. Private.
3016 Her have dinner with. Very little left. Some used by Mr.
3017 Green before Thanksgiving."
3018 . Q Could you tell me what that refers to?

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3019 . A When the American Conservativa Foundation first
3020 became active and started soliciting funds, we solicited
3021 some money from--or Spitz solicited some money from Mrs.
3022 Newington that went into the ACF account, and that was to be
3023 used for, shall we say, off-the-record travel to Central
3024 America by Colonel North, or at least that is what I was
3025 told it was to be used for. That explains the "very little
3026 left. Some used by Mr. Green before Thanksgiving." "Her
3027 have dinner with him." her have dinner with, that is fairly
3028 straightforward. We want her to come and have dinner with
3029 him.

3030 . Q Did Mr. Channell tell you that this money that had
3031 come from Mrs. Newington had been used for off-the-record
3032 travel by Colonel North to Central America?

3033 . A No, he didn't tell me that. He told me to say
3034 that.

3035 . Q He told you to say that to Mrs. Newington?

3036 . A That's correct. Well, no, excuse me. He told me
3037 to say that some of the money--that there was very little of
3038 the money she had given ^{left} ~~him~~ and that some of it had been
3039 used by Mr. Green, i.e., Colonel North, before Thanksgiving,
3040 and inasmuch as the stated purpose of the money had been off-
3041 the-record travel, he was in essence telling me to say that
3042 is what it had been used for.

3043 . Q But you knew it hadn't been used for that?

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3044 . A I had no idea how it had been used. I never
3045 figured out where it went, unless I saw it in the form of a
3046 television ad or something like that.

3047 . Q The next entry is "Ellen Garwood." The first
3048 line says, "New tax-deductible statement."

3049 . A Right.

3050 . Q What does that refer to?

3051 . A It refers to the fact that ACF was a full-formed
3052 organization that had just recently received its initial
3053 ruling from the IRS.

3054 . Q And then it says, "This was Green's big deal."
3055 What does that mean?

3056 . A It means that this was something that Colonel North
3057 wanted very much.

3058 . Q Then the next line says, "This to be his
3059 legacy--permanent support for covert war. Green wants her to
3060 come have dinner with him." What does that refer to?

3061 . A It means that the idea of permanent support for
3062 covert warfare, support to the guerrillas, the Reagan
3063 doctrine, so-called, is to be Ollie North's permanent legacy
3064 getting it firmly entrenched and established, and that
3065 Colonel North wants her to come and have dinner with him.

3066 . Q Was this what this money was supposed to be used
3067 for?

3068 . A It was to be used for the conference which was

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3069 going to help firmly entrench the idea of the so-called
3070 Reagan doctrine.

3071 . Q Permanent support for covert war?

3072 . A Yes.

3073 . Q But the money itself was not to be used?

3074 . A No, not for buying guns. It is to be making that
3075 policy a permanent policy that does not end with the Reagan
3076 administration.

3077 . Q On the last entry on that page it's under the
3078 heading of "Barbara Christian."

3079 . A Christian.

3080 . Q Could you read the first two lines?

3081 . A Certainly.

3082 . Q And explain what they mean?

3083 . A "Get her tape on world polo. When is Tambo
3084 coming. Strategic irregular warfare. Jack Wheeler."

3085 . She had taped a news broadcast on a VHS tape that
3086 also happened to have a tape she had made of a world polo
3087 game she had taped on television. She sent the tape to
3088 Spitz and she now wanted it back because she wanted the tape
3089 of the polo match. She was always sending Spitz or other
3090 people in the organization tapes, VHS tapes, tape
3091 recordings, whatnot. Tambo was coming to Washington
3092 regarding something, and she was very anxious to make sure
3093 that there was a demonstration against him when he got here.

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3094 and she wanted me to find out when he was going to be here,
3095 and she suggested I read something called "Strategic
3096 Irregular Warfare," by Jack Wheeler.
3097 . Q And who is Tambo?
3098 . A He is one of the communist leaders of the African
3099 National Congress.
3100 . Q Why did she want to know when Tambo was coming?
3101 . A I guess she wanted a demonstration against him to
3102 take place. He was going to be meeting with Schultz, and
3103 she wanted a big demonstration outside the State Department.
3104 . Q Were you to have something to do with arranging
3105 that?
3106 . A No. I was to find out the specific date he was
3107 going to be here.
3108 . Q And do you know what she was going to do about
3109 arranging a demonstration?
3110 . A There was some group of black Republicans down in
3111 Louisville that was going to try and bus a bunch of black
3112 people up here to demonstrate against him; far more
3113 effective having a bunch of black people demonstrating
3114 against an African communist than a bunch of white people.
3115 . Q Did she find such a group to do that?
3116 . A I don't know. I heard such a demonstration took
3117 place, but I don't know that she had anything to do with it.
3118 . Q Would you turn to the next page, document No.

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3119 37844. Is that your handwriting?
3120 . A It is.
3121 . Q It says on the first line, "'Mel \$15,000.'" Is
3122 that Mel Salvasser?
3123 . A It is.
3124 . Q Then it says--would you read the next paragraph for
3125 me, please?
3126 . A I would be delighted to. "'We are going to have
3127 the meeting, either give the money to Ollie or pay him to
3128 speak. Need you to be one of five sponsors. Need you to
3129 come see Ollie and go to dinner with him.'"
3130 . Q What does that refer to?
3131 . A What it refers to is the conference that ACF was
3132 going to sponsor. We were going to figure out some way to
3133 give a grant to Colonel North for his speaking there, to
3134 help him out with his legal fees and whatnot. This, of
3135 course, was after Colonel North had been relieved of his
3136 post.
3137 . Q Did you do that?
3138 . A Did we do what?
3139 . Q Did you arrange to give a grant to Colonel North?
3140 . A No. The conference never took place, as I said
3141 before.
3142 . Q Do you know of any grants or speaking fees that
3143 were ever given to Colonel North?

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3144 . A Absolutely not.

3145 . Q Does the last part of that document refer also to

3146 the conference which never took place?

3147 . A It does.

3148 . Q So the line that says, "R.R. meets with us

3149 Thursday"--

3150 . A "Given him with document on covert war." Bad

3151 grammar on my part.

3152 . Q That never took place?

3153 . A That's correct, sir.

3154 . Q Would you turn to the next page, document No.

3155 37846. The handwriting in the margin is mine, and that is

3156 my question. Why were you interested in a foundation of

3157 this nature?

3158 . A I'm going to have to take a moment to read it, if

3159 you don't mind.

3160 . Q Could you read it out loud? I can't make it out.

3161 . A The entire page?

3162 . Q If you would start, "If complaints," or whatever

3163 that is.

3164 . A "If complaints, this was Green's big deal. He is

3165 getting part of this. He wants to go out to dinner with

3166 you. Go to White House with product. Seven sponsors. So

3167 important future of country. Green suggests we suggested we

3168 start this. Can use this foundation in future to help Green

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3169 | in variety of ways. Barbara Newington, \$30,000, O'Neill,
3170 | \$30,000. He is only person to get reporter there.''
3171 | . Q What caused you to make these notes?
3172 | . A These were notations--notations I made while
3173 | listening to Spitz giving me the logic for the solicitation.
3174 | . Q And did you make the solicitation?
3175 | . A Yes, I believe I did. I know that I made it with
3176 | Barbara Newington and I'm pretty sure I made it of Ellen
3177 | Garwood.
3178 | . Q Did they contribute money for this foundation?
3179 | . A Barbara Newington did. Ellen Garwood did not.
3180 | . Q What happened to the money?
3181 | . A It was deposited in the American Conservative
3182 | Foundation bank account, and what happened to it from there.
3183 | I couldn't tell you. It probably went to pay legal fees.
3184 | . Q Was the purpose of the foundation to your knowledge
3185 | to help Green in a variety of ways?
3186 | . A To help his policies, sure, to help his whole idea
3187 | of support for insurgent warfare against communist
3188 | countries.
3189 | . Q Do you know whether he ever used any of the money
3190 | of any of the money was ever used for him?
3191 | . A I haven't the foggiest.
3192 | . Q Would you turn to the next page, document No.
3193 | 37847. Is the handwriting on that page yours, with the

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3194 | exception of the handwriting in the lower right-hand corner?

3195 | . A It is.

3196 | . Q In large letters there it says, "'Who is Jane's

3197 | lawyer?'"

3198 | . A Right.

3199 | . Q What was that in reference to?

3200 | . A An instruction from Spitz Channell for me to find

3201 | out who Jane's lawyer was.

3202 | . Q Why did he ask you to do that?

3203 | . A I couldn't tell you.

3204 | . Q Did you find out?

3205 | . A No.

3206 | . Q On numeral III there on that page it says, "'Green

3207 | phone for'"--

3208 | . A "'Mel,'" Williams and Sullivan.

3209 | . Q What does that refer to?

3210 | . A It means get the phone number from Williams and

3211 | Sullivan for Mel Salvasser so he can call Oliver North.

3212 | . Q Did he do that?

3213 | . A He did.

3214 | . Q Did he call Oliver North?

3215 | . A To my knowledge, he did not.

3216 | . Q Would you turn to the next document, document No.

3217 | 37848. Is the handwriting on that page your handwriting

3218 | with the exception of the handwriting in the lower right-

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3219 hand corner?

3220 . A It is.

3221 . Q Does any of the writing on that page refer in any

3222 way to Micaragua or assistance to tha Micaraguan resistance?

3223 . A It does not.

3224 . Q Would you turn to the next page, document No.

3225 37853. Is that your handwriting?

3226 . A It is.

3227 . Q The top of the page says, "Ask Rich." What does

3228 that refer to?

3229 . A Ask Rich Miller.

3230 . Q And would you read the next two lines and tell me

3231 what it refers to?

3232 . A "44,000 Libyans and Iranians in U.S. Who was it

3233 threatened Ronald Reagan, Heritage Foundation, Oliver North

3234 and Singlaub."

3235 . This was a piece of paper I put together

3236 preparatory to raising funds for the Antiterrorism American

3237 Committee. It was notes I made to myself for a fund-raising

3238 letter that we were going to send out to try and raise some

3239 money for the Antiterrorism American Committee. And number

3240 one, I was to ask Rich Miller some questions relating to how

3241 many Libyans and Iranians there are living in the United

3242 States, and who it was that had in an interview with ABC

3243 News threatened the life of Ronald Reagan, threatened to

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3244 blow up the Heritage Foundation, threatened the life of
3245 Oliver North and threatened the life of General Singlaub.
3246 . Q Would you turn to the next page, document No.
3247 37791. Is that your handwriting?
3248 . A It is, sir.
3249 . Q What does the second line with "TAX
3250 DEDUCTIBILITY" underlined in all caps refer to?
3251 . A What it refers to is the fact that when I called
3252 him and first started soliciting him, he was essentially not
3253 paying much attention to me, and then I got down to the
3254 actual solicitation part and said we need you to give X
3255 amount of money, and all of a sudden he started talking to
3256 me, and in the solicitation, I had specifically said that
3257 your help is tax deductible, and as soon as he heard that,
3258 you will see it says, "tax deductible made his ears perk
3259 right up." He wasn't interested until he heard that the
3260 donation was tax deductible.
3261 . Q And did he ultimately make a tax-deductible
3262 contribution?
3263 . A He made two.
3264 . Q And to which entity did those--
3265 . A The National Endowment for the Preservation of
3266 Liberty.
3267 . Q When it says in there, the references in those
3268 notes to public diplomacy, what does that refer to?

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3269 . A Before the Central American freedom program became
3270 known as the Central American freedom program, it was
3271 referred to as the public diplomacy program.

3272 . Q Of the National Endowment for the Preservation of
3273 Liberty?

3274 . A That's correct. It was the educational campaign.

3275 . Q Would you turn to the next page, No. 37800. Next
3276 to the person's name, the top of the page, it has on there
3277 "ATAC." Is that the Antiterrorism American Committee?

3278 . A Yes, ATAC is the Antiterrorism American Committee.

3279 . Q Then on the first line dated 9-25, it says, "How
3280 can this be tax deductible?" What does that refer to?

3281 . A It refers to the fact when I solicited him for
3282 money for the airlift that I mentioned earlier, he said,
3283 "Gee, how can this project be tax deductible?"

3284 . Q Why do you have ATAC on the top of that card?

3285 . A Because after the Antiterrorism American Committee
3286 was formed, I flipped through my little file box with all
3287 these file cards in it and pulled out people that seemed
3288 like a good prospect to call for the Antiterrorism American
3289 Committee.

3290 . Q Would you turn to the next page, document No.
3291 37802, and tell me if that is your handwriting.

3292 . A It most certainly is. Boy, I wrote a lot, didn't
3293 I?

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3294 . Q Is this another reference to another contributor?
3295 . A Another prospect.
3296 . Q Did this person give money?
3297 . A Not to my knowledge.
3298 . Q Why do you have 15K written in the middle of the
3299 card?
3300 . A A suggestion to myself as to how much I should ask
3301 him for.
3302 . Q Would you turn to the next page, document No.
3303 37804. Is that your handwriting?
3304 . A Yes, it is.
3305 . Q Does that card reflect your conversations with Mr.
3306 Tom Claggett, Jr.?
3307 . A It most certainly does, and at least one
3308 conversation with his secretary.
3309 . Q How much money did Mr. Giddens ultimately give?
3310 . A Mr. Giddens? Mrs. Giddens was the one that made--
3311 . Q I mean Mr. Claggett, I'm sorry.
3312 . A The total amount of his contributions I believe
3313 amount to, and I can't swear to this, but I believe his
3314 total contributions were \$25,000 to the National Endowment
3315 for the Preservation of Liberty, and \$17,000 to the American
3316 Conservative Trust.
3317 . Q Was one of those contributions for a helicopter?
3318 . A Most certainly was. Not for a helicopter. It was

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3319 for a missile to shoot a helicopter down with.

3320 . Q So when you refer in there to--I assume you are

3321 referring to what he said, "I would really love a piece of

3322 the helicopter. I got. I want to get me another of those

3323 helicopters," that refers to the helicopters that were

3324 going to be shot down with the missiles that he provided the

3325 money for?

3326 . A Yes.

3327 . Q Did you try to get him a piece of one of those

3328 helicopters?

3329 . A I mentioned to Spitz that if we could obtain a

3330 piece of twisted rubble, it would be wonderful, and be very

3331 good for fund raising. To the best of my knowledge, we were

3332 unsuccessful.

3333 . Q Would you turn to the next page, document No.

3334 37805. Is that your handwriting?

3335 . A It is, yes.

3336 . Q What does--could you read the first two lines there

3337 and tell me what they refer to?

3338 . A "Means Johnston, Jr., birth date 11-19-14. Ed

3339 Weisel to call." Those are actually two separate things.

3340 The Means Johnston, Jr., is somebody that Ed Weisel told me

3341 to get in touch with, and I have made a not to myself,

3342 "call this Mean Johnston, Jr., character and tell him Ed

3343 Weisel said to call.

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3344 The birth date 11-19-14, social security No. [REDACTED]
3345 [REDACTED] refers to Mr. Tom Claggett's birth date and social
3346 security number, which is required for getting into the Old
3347 Executive Office Building.
3348 Q That was for the purpose of meeting with Colonel
3349 North?
3350 A For one of the meetings with Colonel North, yes.
3351 Q Could you turn to the next page, document No.
3352 37842. Is that your handwriting?
3353 A It most certainly is.
3354 Q What does that document refer to?
3355 A It refers to notes I have made for myself for a
3356 solicitation for a meeting to take place with President
3357 Reagan.
3358 Q And did you use the solicitation?
3359 A A variation on it. I sincerely doubt I ever used
3360 those exact words.
3361 Q What meeting was this in preparation for?
3362 A I really couldn't tell you whether that was the
3363 meeting that took place in January of 1986 or whether it was
3364 the one that was supposed to take place in May of 1986, but
3365 which never happened.
3366 Q Would you turn to the next page, document No.
3367 37787. Is that your handwriting?
3368 A It is.

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3369 . Q I think we have discussed this gentleman before.
3370 . A Possibly.
3371 . Q Would you turn to the next page, document No.
3372 37767. Is that your handwriting?
3373 . A It is.
3374 . Q Could you tell me what that is in reference to?
3375 . A Certainly. These are notes I made to myself
3376 regarding telephone calls to and plans to travel to
3377 Lancaster, Pennsylvania, to see Mel Salwasser.
3378 . Q What was he doing in Lancaster, Pennsylvania?
3379 . A There on a business trip.
3380 . Q Circled on there is a telephone number, 395-3345,
3381 and the word 'Green.' Does that refer to Colonel North?
3382 . A That refers to Colonel North's phone number in the
3383 Old Executive Office Building.
3384 . Q Why did you have this on this particular piece of
3385 paper?
3386 . A Because Spitz at some point had instructed me to
3387 call him and so I had written down the phone number.
3388 . Q Did you call him?
3389 . A I called his office on either two or three
3390 occasions.
3391 . Q And did you talk with him?
3392 . A I did not speak with Colonel North himself, no.
3393 . Q Who did you speak with?

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3394 . A His secretary, Fawn Hall.

3395 . Q What was the purpose of the phone call?

3396 . A Well, there were a number of different phone calls.

3397 The one that I recall very specifically is the one in which

3398 I called and gave some information to Fawn to give to Ollie

3399 regarding a meeting to take place the next morning with Mel

3400 Salwasser. The either one or two occasions on which I

3401 called Colonel North's office, I don't recall the specific

3402 purpose for the call.

3403 . Q Would you turn to the next page, document No.

3404 37770. Is that your handwriting?

3405 . A It most certainly is.

3406 . Q We have--

3407 . A Discussed that gentleman already.

3408 . Q Would you turn to the next page in your exhibit,

3409 document No. 76033. Is that your handwriting?

3410 . A It is not.

3411 . Q Would you turn to the next page, document No.

3412 78783. Is that your handwriting?

3413 . A No, that is not.

3414 . Q Is your handwriting on that page anywhere?

3415 . A It most certainly is not.

3416 . Q Would you turn to the next page, document No.

3417 81864. Is that your handwriting?

3418 . A It most certainly is.

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3419 . 2 At the top of that page it says, ''FV help alert
3420 and mobilize volunteers for the grass-roots organizers.'
3421 What does that refer to?

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3422 RPTS MCGINN

3423 DCMN PARKER

3424 . A You really need to separate that page in half. The
3425 first asterisk, okay, everything above that is one thing,
3426 and everything from that asterisk down is something else.

3427 . Q Would you tell us about the upper half of the page
3428 first?

3429 . A Okay. I am kind of foggy on when it is because
3430 they must--the first half and the second half of the page
3431 must have been written at totally different times,
3432 because--no. Wait a minute. Now, I am remembering this.
3433 What this was is January of 1987 we were starting to figure
3434 out what our program would be for the next aid request for
3435 aid to the freedom fighters and this was me starting to make
3436 some notes from Spitz talking to me about things that would
3437 be part of our next campaign for aid to the freedom fighters
3438 in Nicaragua.

3439 . Q It says on there the major focus is to get
3440 prominent local leaders to besiege congressmen.

3441 . A correct.

3442 . Q Was that campaign ever carried out?

3443 . A No.

3444 . Q Why not?

3445 . A A number of reasons, probably the most important
3446 being that you folks and Walsh's office and the IRS came

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3447 down on us like a ton of bricks before we got a chance to
3448 get it in operation.

3449 . Q Would you explain to us the bottom half of the
3450 page?

3451 . A Sure. We raised some money to produce a report on
3452 the various and sundry left-wing organizations that have
3453 been supporting the Sandinistas, the communist guerrillas in
3454 [REDACTED] and the other communist
3455 organizations in Central America. There are a number of
3456 organizations I wish you all would get around to
3457 investigating that have been supplying arms and others to
3458 communist rebels which has to be a violation of 27 million
3459 different laws, and we were starting to prepare a report on
3460 these organizations.

3461 . Q Who was preparing the report?

3462 . A Richard Miller's firm, IBC, was preparing it for
3463 us.

3464 . Q Did they ever complete the report?

3465 . A They never completed it. They completed, I
3466 believe, three drafts.

3467 . Q Do you know who was doing the work at IBC?

3468 . A I do not.

3469 . Q What does the reference to "1500 must be at Plaza
3470 of Americas Tuesday" refer to?

3471 . A What it refers to is that Rich Miller had a list, a

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3472 Xerox bunch of pages that listed more than 1500 groups that
3473 were doing these kinds of activities, and we were at the
3474 Plaza of the Americas Hotel in Dallas, I guess it was, and
3475 he was to get it telefaxed to us at the Plaza of the
3476 Americas Hotel.

3477 . Q And the purpose of that was to use it for fund
3478 raising?

3479 . A That is correct.

3480 . Q And the persons who are referred to on that note
3481 were going to be there at the Plaza of the Americas Hotel?

3482 . A No. These people are people that were to be
3483 solicited for this project eventually.

3484 . Q Were they ever solicited?

3485 . A Some of them were.

3486 . Q Did they contribute?

3487 . A Some of them did.

3488 . Q To this project?

3489 . A Some of them did.

3490 . Q Did you tell them that--did you describe the project
3491 to them?

3492 . A I did.

3493 . Q And did you tell them that IBC was going to be
3494 compiling a report?

3495 . A No.

3496 . Q Did you tell them who was going to be compiling a

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3497 report?

3498 . A People we were hiring to do it.

3499 . Q Would you turn to the next page, document 81863?

3500 Is that your handwriting?

3501 . A It is.

3502 . Q What does that refer to?

3503 . A I couldn't tell you. I mean there is a number of

3504 states listed. Something about a democratic vote in New

3505 York and a democratic vote in California, and that is about

3506 the only sense I can make out of it. I could probably tell

3507 you more if I had the pages on either side that immediately

3508 preceded it, and all but totally out of context like this,

3509 it is very difficult to tell what it was.

3510 . Q Would you turn to the next page, document number

3511 81862? Is that your handwriting?

3512 . A It most certainly is.

3513 . Q Could you run down that list one by one and tell me

3514 what those references are to?

3515 . There are numbers, I believe, one through seven?

3516 . A Just start with Number one?

3517 . Q Yes.

3518 . A Okay. All right. 'Call and beat Mel silly.'

3519 This reference to calling him and making a very serious and

3520 heavy-handed solicitation.

3521 . Two, 'O'Neil--where stay.' Call Bill O'Neil and

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3522 find out where to stay in California.

3523 . Three. "Call Salvatore."

3524 . Four. "Call Libby or Dan ^{Kupendall} ~~Kendall~~ Get list of

3525 congressmen on Select Committee who are liberals."

3526 . Q What was the purpose of that? Did the Select

3527 Committee refer to this committee?

3528 . A I don't know. I am trying to recall that if you

3529 just give me a moment. The only way I am going to be able

3530 to recall that for you is to sit here and literally remember

3531 when I wrote this down, so it is going to take me a second.

3532 . Yes, okay. It refers to this committee.

3533 . Q Why did you want that list?

3534 . A We wanted that list because we were going to run an ad

3535 that we never got around to running, which was going to

3536 essentially--I believe it was a 30-second ad that was going

3537 to be about 20 seconds or so taking advantage of the

3538 public's opinion of this whole investigation, which is that

3539 it is a big fat waste of time, effort and money, and it was

3540 going to expound on what a waste of time, effort and money

3541 it was and then tell me to call up their congressmen, in

3542 whose district it would be running, and say, "Get off the

3543 President's back."

3544 . And we were to call Libby or Dan ^{Kupendall} ~~Kendall~~ to get

3545 the congressmen on this committee who would be a likely

3546 candidate for such an ad in their district.

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3547 . Q Who is Libby?

3548 . A She works for Dan ~~Kirchell~~ *Kirchendall.*

3549 . Q Did you make that call?

3550 . A I don't know.

3551 . Q Did you ever get the list?

3552 . A Not that I know of, but it wouldn't have come to

3553 me. It would have gone to Spitz.

3554 . Q Do the references in Number 5 to Garwood, Number

3555 six to Ramsey and Number seven to Anderson refer to

3556 prospective contributions for those ads to be run by

3557 Sentinel?

3558 . A That is correct.

3559 . Q Did you solicit those people for that purpose?

3560 . A Solicited Mrs. Anderson for that purpose. I

3561 believe I solicited Ramsey for that purpose, and I don't

3562 think I solicited Mrs. Garwood, but I am not sure.

3563 . Q What do the capital letters A.D.D., refer to in

3564 each instance?

3565 . A The fact that they are to be solicited for the ad I

3566 briefed you on a moment ago.

3567 . Q Were those ads ever produced?

3568 . A I don't think so. I think we ran them in a

3569 newspaper, but I don't believe we ever actually produced

3570 them in a television form.

3571 . Q So Sentinel ran newspaper ads directed at this

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3572 committee; is that correct?

3573 . A I believe so, yes. It is called self-defense.

3574 . Q Could you read the last two entries on that page

3575 and tell me what they refer to?

3576 . A ''Annie getting car. Cash.'' Annie was Bill

3577 O'Neil's secretary. She was arranging for a rental car for

3578 us to pick up at the Marimar Sheraton and cash refers to the

3579 fact I am to go and get some money from the bank for our

3580 trip.

3581 . Q What trip was that?

3582 . A ^The trip we took in January to California.

3583 . Q And what was the purpose of that trip?

3584 . A To raise money.

3585 . Q Was the purpose of that trip? To raise money for

3586 these Sentinel ads?

3587 . A No. The purpose of that trip was to raise money

3588 for the study of left-wing groups that I mentioned to you a

3589 moment ago.

3590 . Q And did you raise any money for that study on that

3591 trip?

3592 . A Yes, we did.

3593 . Q Who did you raise money from?

3594 . A I raised \$30,000 from Mel Salvasser.

3595 . Q And was that money given to IBC for the purpose of

3596 compiling that report.

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3597 . A Money was paid to IBC for the purpose of compiling
3598 that report.

3599 . Q Did you ever see that report?

3600 . A I did, yes. Well, I saw one of the drafts of that
3601 report.

3602 . Q What was the report used for?

3603 . A It never got used for anything in the end because
3604 by the time the thing was ready we were so busy fighting
3605 Walsh and his thugs and you guys off our backs, we couldn't
3606 do anything. We were paralyzed.

3607 . Q Would you turn to the next page, document Number
3608 81860 and tell me whether that is your handwriting on that
3609 page?

3610 . A It is.

3611 . Q Would you turn to the next page, document 81859,
3612 and tell me whether or not that is your handwriting?

3613 . A It is.

3614 . Q Do you recall when this page, when the notes on
3615 this page were written?

3616 . A January of 1987, while at a hotel in Dallas.

3617 . Q Could you read the last two lines on that page and
3618 tell me what they refer to?

3619 . A "Trent Lott, Henry Hyde^e, Bob Livingston,
3620 California, Bob Michael, Richard Ray, Georgia." Now let me
3621 try and figure out what they refer to. I can't say this for

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3622 absolutely positive, but my guess is that these are people
 3623 on this committee that we figure are likely to be reasonably
 3624 friendly toward us, but I am guessing. I don't recall the
 3625 situation in which I wrote it.

3626 . . Q In the middle bottom part of that page there is the
 3627 name, "Perot," underlined.

3628 . A Right.

3629 . Q Can you tell me why that entry was there?

3630 . A I was to try and get in contact with Ross Perot and
 3631 try to raise some money from him.

3632 . Q For what purpose?

3633 . A For any one of a half dozen projects that were
 3634 muttering about at that time. The study, Nicaragua,
 3635 Sentinel get off the President's back, possibly the
 3636 Constitution project, any one of a number, just so long as I
 3637 could raise some money from him.

3638 . Q Could you turn to the next page, document 81855,
 3639 and tell me whether or not that is your handwriting?

3640 . A It most certainly is.

3641 . Q What do the entries on that page refer to?

3642 . A The first things that have the little sort of
 3643 ^{car}ts next to them refer to important points in a
 3644 solicitation for the Antiterrorism American Committee.

3645 . Q The last entry on that page says, "Dan call David
 3646 ^yFisher," and then "Thursday p.m. brochures done. Get date

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3647 by Friday so we can start calling. When is he coming to
3648 D.C.?" What does that refer to?

3649 A That I am to tell Dan to call David Fisher Thursday
3650 evening and get the date for the meeting that was to take
3651 place with the President in May that never did, so that we
3652 could start calling people to come to it. "When is he
3653 coming to D.C.," I don't know what that refers to. It may
3654 have--no, no. I don't know what that refers to. And, "Get
3655 date," refers--"brochures done," refers to some brochures
3656 that we were putting together for our strategic defense
3657 initiative program.

3658 Q Would you turn to the next page, document 18852 and
3659 tell me whether or not that is your handwriting?

3660 A It most certainly is.

3661 Q Could you tell me what those entries refer to?

3662 A They are notes for a solicitation. I can't tell
3663 you what they are a solicitation for because there is
3664 nothing to indicate that. But they are notes of the types
3665 of things that I am to say.

3666 Q Would you turn to the next page, document 81803 and
3667 tell me whether or not that is your handwriting?

3668 A It most certainly is.

3669 Q What does the entry, "Calero Christmas,"
3670 underlined refer to?

3671 A It refers to the fund-raising letter and the fund-

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3672 raising telephone calls we made in December of 1985 to raise
3673 some money to buy some little things for the freedom
3674 fighters to bring at Christmas time to their families.
3675 . Q Did this individual contribute ultimately?
3676 . A No, he didn't.
3677 . Q Turn to the next page, document number 37792. Is
3678 that your handwriting?
3679 . A It most certainly is.
3680 . Q There appears to be a list of different
3681 contributions there from this particular individual. Does
3682 this reflect the usual practice of soliciting a contributor
3683 for a variety of purposes associated with Mr. Channel's
3684 organizations?
3685 . A What that is is the nota card that I usually keep.
3686 The nota cards you have seen on other people that have
3687 written lines about conversations, for some reason I lost my
3688 original card on Mr. Weisel and so I sat down and sort of
3689 recreated it by simply listing the dates and contributions
3690 made.
3691 . Q On the second line in substance there it says,
3692 "Yes to 9/16 briefing," \$1,000. What does that mean?
3693 . A He came to a meeting conducted by Colonel North in
3694 the evening in which Colonel North would stand up and give a
3695 slide presentation and as a result of that meeting he gave
3696 us a contribution of \$1,000.

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3697 . Q There is another entry on the next line of ''4/25
 3698 1K MEPL 1K ATAC.'' What does that refer to?

3699 . A It refers to the fact on April 25, I called him
 3700 again and convinced him to give a contribution of additional
 3701 \$1000 to the National Endowment and \$1000 to help form the
 3702 Anti-Terrorism American Committee.

3703 . Q Did he make those contributions?

3704 . A He made the thousand-dollar contribution to ATAC.
 3705 I am not sure if he made the thousand-dollar contribution
 3706 to the MEPL.

3707 . Q There is a line in there that says, ''Also is
 3708 calling Peter Rosenblatt. So I can ask him for dollars.''
 3709 Did you call Peter Rosenblatt?

3710 . A No, sir.

3711 . Q Why not?

3712 . A Because I don't think he ever called him. It was
 3713 one of those things he said he was going to do it, and it
 3714 sort of just got--it went by the wayside. It was probably my
 3715 fault, because I probably didn't call him up the next day,
 3716 and say, ''Gee, did you call Rosenblatt? Have you told him
 3717 I am going to be calling him? What is his phone number?''

3718 . I probably didn't push it hard enough. It is one
 3719 of my major failings as a fundraiser. I don't push hard
 3720 enough.

3721 . Q The next line says, ''6/16 for Barnes ads.'' Are

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3722 those the ads relating to the vote which took place late
3723 June?

3724 . A That is correct, sir. They were run by Sentinel
3725 regarding the vote on AID to the freedom fighters.

3726 . Q Can you make out what the next line says?

3727 . A It looks like \$1,000 for ATAC. There we go. That
3728 is 1K, ATAC, MIK, meaning Mikulski/CHAV, meaning Chavez ads.

3729 . Q What was the purpose of those ads?

3730 . A Well, as I explained earlier, those ads were run by
3731 the Anti-Terrorism American Committee shortly before the
3732 democratic primary, and they were to give the impression
3733 that Mikulski and Chavez were the only two viable candidates
3734 and thereby help destroy Michael Barnes.

3735 . Q On October 27 and October 30 there are two
3736 contributions--1K for ACT and 3K for ACT. What were the
3737 purposes of those contributions?

3738 . A Political contributions.

3739 . Q Why did you solicit him twice in three days?

3740 . A Because I didn't get enough money from him the
3741 first time.

3742 . Q The next entry on there is "'12/12, 1K for Green.'"
3743 What does that refer to?

3744 . A We were trying to raise some money for Colonel
3745 North's legal defense fund, and he had said he would give
3746 some money for that. He never did get around to it.

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3747 . Q Would you turn to the next document, Number 37801?

3748 Is that your handwriting?

3749 . A It most certainly is.

3750 . Q Could you tell me what the last two lines in that

3751 document refer to?

3752 . A Sure. You ever heard of a computer system you can

3753 lease in this city called Washington Line?

3754 . Q No.

3755 . A Well, if you will talk to any of these fine

3756 congressmen, they will tell you what it is. But what it is

3757 is it is a computerized record of all FEC accountable

3758 contributions. So you can look a person up on that thing on

3759 your handy-dandy little home computer, and it will tell you

3760 all the contributions that person has made since 1983 to

3761 PACs and political candidates and that is real handy for a

3762 fund/raiser.

3763 . Q And those references are to--

3764 . A To somebody that I looked up.

3765 . Q To somebody you looked up on the computer.

3766 . A Right.

3767 . Q Could you turn to the next document which is

3768 document number 37845?

3769 . A Uh-huh.

3770 . Q Tell me is that your handwriting?

3771 . A It is.

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3772 . Q Could you tell me what the secret conference that
 3773 is listed there refers to?

3774 . A The ACF conference that I have described to you in
 3775 some detail earlier to help build support within the White
 3776 House for the President's policy of aid to anti²communist
 3777 guerrillas around the world.

3778 . Q Why was it secret?

3779 . A Oh, my. Well, you know, the contributors we had
 3780 are all kind of double O seven, cloak-and-dagger types, and
 3781 if you tell them you are going to have a nice public
 3782 conference, they are not going to give you much money, but
 3783 if you talk very quietly and tell them they can't tell
 3784 anybody about this conference, they will give you a lot more
 3785 money.

3786 . Q The second line says, "meet Luttvak on Monday."
 3787 Who is that?

3788 . A It is a misspelling. It is L-U-T-T-V-A-K. I
 3789 believe that is the correct spelling anyway. He is the
 3790 fellow that has written a couple of books on the subject of
 3791 supporting anti²communist² insurgents around the world.

3792 . Q Did you meet with him?

3793 . A I didn't. I believe Spitz may have at some point,
 3794 but I am not sure.

3795 . Q The next few entries have figures which seem to
 3796 refer to dollars and names beside them. Did those

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3797 individuals contribute that amount of money for this
3798 conference?

3799 . A No. These were suggestions to myself on how much
3800 money I should ask each of them for.

3801 . Q And did you ask each of them for that amount of
3802 money?

3803 . A Well, I asked Mel for \$20,000. Mrs. Anderson, I
3804 don't even think I ever got around to soliciting her for
3805 this. I didn't solicit O'Neil for it. I solicited
3806 Salvatore, but he didn't give, and I solicited Barbara
3807 Christian and she gave five.

3808 . Q On the reasons of that upper part, it says,
3809 "Conference gives Ollie 10K." What does that refer to?

3810 . A This is of course after Colonel North has been
3811 relieved of his post, and we were going to arrange to give
3812 him a speakers fee for speaking at the conference or
3813 something like that.

3814 . Q Did he know you were going to give him a fee for
3815 speaking at this conference.

3816 . A I haven't the foggiest. I don't arrange that sort
3817 of thing. Spitz does.

3818 . Q Who told you to put this reference in there to
3819 giving Ollie 10K?

3820 . A Spitz.

3821 . Q He told you to use that as part of the pitch?

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3822 . 1 That is correct.

3823 . 2 The next line says, "Tell--what are those?

3824 . 1 "Tell Dan meet with Luttvak Monday with David

3825 Fisher. Tell Dan to meet with Luttvak, start arranging the

3826 conference. Monday ^FFisher, Carl Russell, Channal and KSL to

3827 meet."

3828 . 2 Did you meet?

3829 . 1 No.

3830 . 2 What does the next--

3831 . 1 At least I don't recall meeting with him.

3832 . 2 What does the next entry, "'95 by Thursday," refer

3833 to?

3834 . 1 Not positive, but it probably is--means I need to

3835 have commitments of \$95,000 by Thursday.

3836 . 2 The next entry says, "Hire ^FFisher to bring us all

3837 over to the White House to meet with R.R." Could you tell

3838 me what that refers to?

3839 . 1 As I am sure you are aware, ^FFisher was on the

3840 payroll as a consultant to the National Endowment, and one

3841 of the services he would provide was to arrange meetings

3842 that the President would pop on in and say hi to the

3843 contributors and get his picture taken with them and we were

3844 to tell David ^FFisher, David, arrange this meeting and pay

3845 him to do so.

3846 . 2 It says, "Hire ^FFisher."

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3847 . A Right.

3848 . Q But you are indicating he had already been hired.

3849 Is that correct?

3850 . A Oh, he had been on the payroll for a long time. I

3851 think at this point he may have been off the payroll for a

3852 while, and we were to put him back on, but I am not really

3853 sure.

3854 . Q Was he hired for the purpose of arranging meetings

3855 with the President to your knowledge?

3856 . A That was one of the things he was to do for us,

3857 yes.

3858 . Q Do you know what he was paid to do that?

3859 . A I have heard a lot of different figures bandied

3860 about, and I don't know for sure which of them are accurate.

3861 . Q Did Spitz or Dan Conrad ever tell you what he was

3862 being paid to do this?

3863 . A I believe in the instance of the meeting that was

3864 to take place regarding the ACF conference, I believe that

3865 Spitz said to me some ^{thing} along the lines of, "Well, you

3866 are going to have to raise an extra \$20,000 so that

3867 ^Fisher--so that David ^Fisher can arrange a meeting with the

3868 President."

3869 . Q And did you respond to that?

3870 . A Of course. I said could, "Okay, Spitz."

3871 Actually I probably said yes, sir.

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3872 . Q Could you read the last ^ffour or five lines where it
3873 starts with Barbara--I guess that refers to Barbara
3874 Mawington.
3875 . A Barbara Mawington, her phone number, "call her on
3876 Thursday, Green set up before he disappeared, Green will show
3877 up. We will get money for grant for him. We need her to
3878 give 30,000 to make possible. Private."
3879 . Q What does that refer to?
3880 . A Okay, this was Green's idea, and he started to get
3881 the ball rolling before he was relieved of is post. "Green
3882 will show up." That is self-explanatory. We will get some
3883 money for a grant for him, you know, or speaking there or
3884 something like that.
3885 . "We need her to give 30,000 to make this thing
3886 possible." It is a private meeting.
3887 . Q You indicated earlier in response to a question by
3888 Mr. Fryman that the document that he was discussing was a
3889 transcript of a tape that was made at the fund-raisers'
3890 meeting.
3891 . A Uh-huh.
3892 . Q Were all the fund-raisers' meetings taped?
3893 . A No.
3894 . Q How many of them were taped?
3895 . A You have got to remember a fund-raisers' meeting
3896 usually consisted of lunch and there were anywhere between

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3897 one and five of them every week. I was there for 19 months.
3898 I couldn't begin to even estimate how many were taped.
3899 Lots of them were taped, and lots of them weren't.
3900 . Q Do you know what happened to the tapes?
3901 . A I haven't the foggiest. What probably happened to
3902 them is they are on those little mini^Ftapes that come with
3903 tape recorders that big. They probably, after they were
3904 transcribed, got reused. That is what I did with all my
3905 tapes.
3906 . Q Do you know whether any of the tapes were destroyed
3907 after this investigation began?
3908 . A The only documents, the only thing that I know
3909 anything about being destroyed was some documents I brought
3910 home with me in December of 1986 that I put in the middle of
3911 the yard, doused with gasoline and burned.
3912 . Q Why did you do that?
3913 . A Because by December of 1986 it was becoming quite
3914 clear to me that things were starting to unravel and I
3915 figured it would be a good time to start cleaning up.
3916 . Q What were those documents?
3917 . A They were probably file cards and basically what I
3918 did was I just sort of rifled^F through my contributor book,
3919 rifled^F through my index cards and my desk and anything that
3920 looked unpleasant, I burned.
3921 . Q Were you ever aware of any funds being transferred

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3922 by IBC to Lake Resources or the Cayman Islands?
3923 . A Not until after it became public.
3924 . Q During the period in 1987 when you all were
3925 discussing how to deal with what you referred to as this
3926 catastrophe earlier, were there any discussions in those
3927 meetings about money being transferred to Lake Resources or
3928 the Cayman Islands?
3929 . A A couple of times, yes. As a matter of fact,
3930 after--I will try to remember a couple of instances. After
3931 Spitz was first deposed by the FBI, which was I guess in
3932 January of 1987, we talked a little bit about a check that
3933 had been--about the fact that money that was going to the
3934 freedom fighters had been sent through IBC and talked a
3935 little bit about one check in the amount of \$1.25 million
3936 that had been made out to an IBC corporation or an Intel
3937 corporation or something like that, and some mention was
3938 made of the fact that it was in the Caymans.
3939 . I also heard the accountants talking about the fact
3940 they were a little bit concerned because a couple of checks,
3941 canceled checks that had come back to us had come back with
3942 markings on them from banks in the Cayman Islands. I mean
3943 there were a number of instances where that came up.

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3944 RPTS CANTOR

3945 DCMN MILTON

3946 [7:30]

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3947

3948 . Q Who participated in these meetings to talk about
3949 how you dealt with what you referred to as this catastrophe?

3950 . A Mostly Spitz and myself and sometimes with other
3951 people present.

3952 . Q Who were the other people present?

3953 . A I don't recall specific meetings, but probably Dan,
3954 probably Cliff, although Cliff might not have been there,
3955 because he was--by the time we got rolling into February and
3956 after Jane went public and all, he was starting to come
3957 apart at the seams.

3958 . Q Did you ever meet with any employees of the State
3959 Department during your activities on behalf of Mr. Channell?

3960 . A The only one that I specifically know that I met
3961 with was an employee of the Agency for International
3962 Development, which has its offices over there. He is an old
3963 college buddy of mine, and I got together with him a number
3964 of times in a number of instances to drink and cry and tell
3965 him how scared I was.

3966 . Q But you had no meetings with any officials at the
3967 State Department that related to your fund-raising
3968 activities?

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3969 . A No, not that I recall, no.

3970 . MR. OLIVER: I don't have any further questions.

3971 Mr. Littledale. Thank you for your patience.

3972 . MR. TOURISH: I'm in a dilemma. My auto is in a

3973 garage that closes at 8:00. My wife is in the hospital.

3974 . BY MR. BUCK:

3975 . Q First I want to thank you very much for coming.

3976 . A Did I have a choice?

3977 . Q It has been one of the most entertaining

3978 depositions I have attended.

3979 . A I had fun while it was happening too.

3980 . Q Do you know of anything, any laws that would

3981 prevent an American citizen from giving money to an

3982 organization to purchase weapons?

3983 . A Well, I have learned since all this took place that

3984 there is probably a problem with that if it's tax-deductible

3985 money they give. If you ask for it and say it's tax

3986 deductible, but to the best of my knowledge, and Spitz said

3987 this repeatedly during the course of this mess, that if only

3988 we had been a good, old fashioned, for-profit corporation we

3989 could have raised all the money in the world and ~~spent~~^{spent} the

3990 blasted weapons ourselves, so, no, I don't know of any laws

3991 that prohibit somebody giving money to an organization for

3992 the purchase of weapons so long as the IRS problems don't

3993 get involved.

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3994 . Q Have you ever read any of the Boland Amendments?
3995 . A Yes, I have read them recently, sure.
3996 . Q Did you ever read the Neutrality Act?
3997 . A No, never did. I have read portions of it, and I
3998 do know that what the Neutrality Act talks about is
3999 preparing an invasion or hostilities against a foreign power
4000 with which the United States is not at war from the United
4001 States, which assantially means to me that if somebody wants
4002 to give me \$10 million to overthrow the government of Haiti,
4003 there is no problem with that so long as I don't hire
4004 anybody in this country, buy any arms in this country, or
4005 run the operation from this country.
4006 . Q Are you aware of other groups giving money to
4007 organizations in Central America, other groups in this
4008 country?
4009 . A Well, you know, old General Singlaub supposedly has
4010 been doing quite a bit of that kind of stuff.
4011 . Q I was wondering about groups in this country that
4012 are giving money to countries or left-wing groups in Central
4013 America?
4014 . A Certainly. If you will be kind enough to subpoena
4015 the report that IBC prepared and sit down and read it as
4016 closely as you have read the 10 million pages that we all
4017 gave you, you will find plenty of good examples in that.
4018 . MR. BUCK: I have no further questions.

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4019 . [Whereupon, at 7:35 p.m., the deposition was
4020 adjourned.]

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C H J32132

January 15, 1986

~~_____~~
~~_____~~

It was good speaking with you yesterday about the assignment we've been given for the next 100 days.

Today's paper says the White House has revised upward the amount they plan to request from Congress. This makes our success in filling the needs of the next 3 months even more critical. If we can sustain the resistance until U.S. aid arrives, victory will be ours.

I've enclosed the newspaper article for you to see just how close we are.

I'm looking forward to seeing you in the next two weeks to go over our "shopping list" and discussing your participation in making this great victory over communism a reality.

Sincerely,

Kris Littledale

Enclosure

KSL/rw

A 0029985

14/1
~~XXXXXXXXXXXXXXXXXXXX~~
 Dear ~~XXXXXXXXXXXX~~

C H 032133

It was good speaking with you yesterday about the assignment we've been given for the next 100 days.

Today's paper says the White House has received approval of the amount they plan to request from Congress. This makes our success in filling the needs of the next 3 months even more crucial. If we can sustain our resistance until U.S. aid arrives, victory will be ours.

I've enclosed the Newspaper articles for you to see just how close we are.

I'm looking forward to seeing you in the next two weeks to go over our "shopping list" and discussing your participation in making this great victory over Communism a reality.

Sincerely

C H 041499

Fund Raisers Meeting-May 23, 1986

Ronald Reagan received over sixty percent of the vote. But we are to do is use that as one of the keys. Don't forget this is not a election campaign. This is an influence campaign. You are seeking to influence people to support the President's full funding needs and a key element of this influence is education. As to the threat the Communist pose if is not funded correctly. We may have an opportunity to move a lot of this into an election position. For instance we are in the process right now of finding out what are the contested races in those districts where the President got over sixty percent of the vote. What the position of the incumbent is as well as the challenger. If the incumbent is weak on SDI and the challenger is strong on SDI and the voting population strong on SDI our saturation educational ads cannot but help Republican challenge. So when these people give us \$30,000.00 and our ads cost \$35,000.00 day around the country they are in many districts literally giving a political contribution to support President Reagan's congressional candidates. They are giving us \$30,000.00 to support a challenger candidate in these districts. That is an incredible incentive for these people to give. Because we are picking the issue that is popular with the population, an issue that is popular with the President in an area where the congressman may not be supporting the President as much as the people want, being that it is an election year by hyping this issue and bringing it up and highlighting the fact by implication that the challenger supports this issue. We are really going to be giving a \$30,000.00 plus contribution to these challenger candidates. Now, you might say that to someone who is a political freak and they'll go hm, never thought you could do that and the answer to that is look Mr. Jones this woman is trying to sell cookies in Reno she doesn't to many people she can't get her message out. If you put a message on television talking about how good chocolate chip cookies are general and saturate it, these people are going to start connecting her, the person who makes them with the desire to have them and you are definitely going to help her business. This is an incredibly subtle political benefit to every single Republican challenger and I don't know how you say this without getting burned on the telephone, but you can just say I want to tell you what another way to look at this whole campaign. We are taking an issue that the American people support. We are advancing this issue in congressional districts where the American people strongly support the President and encouraging that incumbent to support the President. If that incumbent doesnot support the President, what is actually going to happen is the challenger candidate is going to benefit imeasurly from our activities because the challenger position and the population position are become well known to each other through the medium of our television message. On the other hand the fact that we

C H 041500

are hyping this issue and the incumbent doesn't support the President will definitely highlight the difference between the incumbent and his constituents. This is an incredible political benefit to every single Republican running for office. It is essentially a \$30,000.00 contribution to these challengers' campaign with the finest issue that Ronald Reagan has in the country today. So there are many people who love politics and this is a very good way to appeal to them. It is also tax deductible and they don't have to stop. There are four districts in the state of Texas where there are four media markets where we want this. These people can give \$120,000.00 if they want to hype this issue in those districts. We have a fabulous election opportunity in Louisiana. I don't know what the position of the two people is, your book should tell you. But we have an incredible opportunity because the people of Louisiana are extremely supportive of the President. We might want to spend a million dollars on education in Louisiana. Then get the challenger to come after the primary is over in September whenever it is and say that one of the reasons why he won is because of the vast strong support of President Reagan's SDI and that will make the Democratic Party go wild. It will strengthen the President's SDI tremendously, so there are innumerable benefits from this program and people can understand that they are getting politically on the strongest issue the President has in areas where the people support him to expose incumbents' positions against their constituents. You have got a very strong political ad right here and you have not mentioned meeting with the President of the U.S. once. You are virtually insuring that SDI is going to become a major issue in the campaign. Which is the strongest of the President's suits, strongest of the Republican Party's suit, it is security, it is family, it is national defense.

(You just can't call them up and say you are going to give this money and this going to be a political contribution. You don't start that way. You know there are two sides to every person, you can look in the front or the back, the same person. But the impact of saying to someone like

_____ or innumerable political crazies is that we are going to give you an opportunity to give \$30,000.00 tax deductible political contribution and we want to tell you how to do it. I mean they may say oh I am not going to do that, but they will listen. They will be very curious and then when you talk about the fact that this is where the President's residual strength is, this is where the battles are, this is where we have the greatest opportunity to win and this amounts to a \$30,000.00 political contribution. You don't have to stop there. We can carry our messages right on through the election and you can deduct every penny you pay for it.)

00306

A 0036711

C H 041501

FUNDRAISERS MEETING - MAY 23, 1986

Ronald Reagan received over sixty percent of the vote. We must use this as one of the keys. Don't forget this is not an election campaign. This is an influence campaign.

You are seeking to influence people to support for the President's full funding needs and a key element of this influence is education as to the threat the Communists pose if it is not funded correctly.

We may have an opportunity to move a lot of this into an election position. For instance, we are in the process right now of finding out what are the contested races in those districts where the President got over sixty percent of the vote, what the position of the incumbent is, as well as the challenger.

If the incumbent is weak on SDI and the challenger is strong on SDI and the voting population strong on SDI our saturation educational ads cannot but help the Republican challenger.

So when these people give us \$30,000.00 and our ads cost \$35,000.00 a day around the country they are in many districts literally giving a political contribution to support President Reagan's congressional candidates.

They are giving us \$30,000.00 to support a challenger candidate in these districts. This is an incredible incentive for people to give.

We are picking an issue that is popular with the population. An issue that is popular with the President in an area where the congressman may not be supporting the President as much as the people want.

And being that it is an election year, we can hype this issue and it will become known (implied) who is supporting this issue - the incumbent or the challenger. We are really going to be giving a \$30,000.00+ contribution to the challenger candidates.

Now, you might say this to someone who is a political freak and they'll never have thought you could do that. And the answer to that is, "Look Mr. Jones, there is a woman trying to sell cookies in Reno but she isn't getting her message out to many people. If you put a message on television talking about how good chocolate chip cookies are in general and saturate it, people are going to start connecting her, the person who makes them, with the desire to have them and you are definitely going to help her business."

A 0006712

C H 041502

So there are innumerable benefits from this program and people can understand that they are getting politically on the strongest issue the President has in areas where the people support him to expose incumbents positions against their constituents.

You have got a very strong political ad right here and you have not mentioned meeting with the President of the U.S. once. You are virtually insuring that SDI is going to become a major issue in the campaign, which is the strongest of the President's suits, strongest of the Republican Party's suit, it is security, it is family, it is national defense.

You just can't call them up and say they are going to give this money and it is going to be a political contribution. You don't start that way. You know there are two sides to every person, you can look in the front or the back, the same person.

Using this approach on someone like [REDACTED] or innumerable political crazies will have an incredible impact.

We are going to give them an opportunity to give a \$30,000.00 tax deductible political contribution and we want to tell them how to do it. I mean they may say, "Oh, I am not going to do that", but they will listen. They will be very curious.

Then you talk about the fact that this is where the President's residual strength is, this is where the battles are, this is where we have the greatest opportunity to win and this amounts to a \$30,000.00 political contribution.

And they don't have to stop there. We can carry our messages right on through the election and they can deduct every penny along the way.

Now there is something else you want to look at when you call people, especially in the new South. Check your map to see if we have congressional districts in their state, Texas as an example.

But you can see we don't call them congressional districts, we call them media markets, where interestingly enough your congressman will hear all this media. This is the political component to this issue, which if you say it correctly is absolutely dynamite.

C H 041503

I'll tell you something, you're not going to get much success with this regretably before the meeting with the President.

But if you call about the first of October and start talking about these ads staying on to support these candidates, amounts to a \$30,000.00 political expenditure. We may make ten million dollars in October. We may be doing this whole issue at the wrong time.

RESPONSE TO "I GET CALLED SO OFTEN FOR CONTRIBUTIONS"

There are 230 million people in this country. 103 million of these people are potential voters. (Eighteen years and older). Roughly 3,000 of those 103 million people give \$5,000 or more to bring about political change in one way or another. That's about three thousandth of a percent.

That makes you a rare commodity, Mr. Jones. You are in demand because you're one of few needles in a sky high haystack.

You are part of that three thousandth percent who care enough about the future of American democracy and the policies of our government to be generous and contribute to the direction of our nation. This is why you're called so frequently.

People look for other people to help solve a problem. People search you out seeking your support to help solve problems. The American political system is no different. It is very natural that your support would be sought to help solve political problems.

You are a very blessed individual that you do have the sense enough to participate and that you have been blessed with the finances to be able to participate.

MAILGRAM SERVICE CENTER
MIDDLETON, VA. 22045
09PM

Western
Union Mailgram



4-0464493252002 09/09/86 ICS IPHNGZ CDP NH88
1 2023636142 HGM T08N WASHINGTON DC 09-09 1125P EST

ANTI-TERRORISM AMERICAN COMMITTEE
1331 PENNSYLVANIA AVE NW SUITE 350 SOUTH
WASHINGTON DC 20004

THIS IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

2023636142 T08N WASHINGTON DC 108 09-09 1125P EST
PHS LT COL OLIVER NORTH, DLR
NATIONAL SECURITY COUNCIL RPT DLY HGM, DLR
OLD EXECUTIVE OFFICE BLOC 17TH & PENNSYLVANIA AVE NORTHWEST
WASHINGTON DC 20506

DEAR COLONEL NORTH

WE HAVE THE HONOR TO INFORM YOU THAT CONGRESSMAN MICHAEL BARNES, POE
OF THE FREEDOM FIGHTER MOVEMENT, ADVERSARY OF PRESIDENT REAGAN'S
FOREIGN POLICY GOALS AND OPPONENT OF THE PRESIDENT'S VISION FOR
AMERICAN SECURITY IN THE FUTURE HAS BEEN SOUNDLY DEFEATED IN HIS BID
TO BECOME THE DEMOCRATIC CANDIDATE FOR THE US SENATE FROM MARYLAND.

HIS DEFEAT SIGNALS AN END TO MUCH OF THE DISINFORMATION AND UNWISE
EFFORT DIRECTED AT CRIPPLING YOUR FOREIGN POLICY GOALS.

WE AT THE ANTI-TERRORISM AMERICAN COMMITTEE (ATAAC) FEEL PROUD TO HAVE
PARTICIPATED IN A CAMPAIGN TO ENSURE CONGRESSMAN BARNES DEFEAT.

FOR THE ANTI-TERRORISM AMERICAN COMMITTEE
SPITZ CHANNELL, PRESIDENT, CLIFF SMITH, DIRECTOR, KRIS LITLEDAL, DIRECTOR
1331 PENNSYLVANIA AVE NW SUITE 350 SOUTH
WASHINGTON DC 20004

23120 EST

HGMCOMP

5241 (R 7/82)

A 0036004

TO REPLY BY MAILGRAM MESSAGE. SEE REVERSE SIDE FOR WESTERN UNION'S TOLL - FREE PHONE NUMBERS

10/23/80

Kris Littledale

| | | |
|----------|---------------------|----|
| How many | Contributors | 39 |
| How many | 1 time Contributors | 23 |
| " | 2 " " | 8 |
| " | 3 " " | 2 |
| " | 4 or more " " | 6 |

of New contributors by Month.

| | |
|-------|---|
| Sept. | 6 |
| Oct | 6 |
| Nov | 6 |
| Dec | 2 |
| JAN | 4 |
| Feb | 1 |
| Mar | 6 |
| Apr. | 0 |
| May | 1 |
| Jun | 1 |
| JUL | 0 |
| Aug | 2 |
| Sept | 2 |
| Oct | 2 |

(4) ~~11~~ How many contributors who came to green + gave 1st -
 16 " " " were invited to Gray Gave, D.J. m.
 1 " " " Give 1st after meet w/ RR

- 1.) \$ = in 3rd Contr. butors who gave 1st of green meeting (including April) $\frac{523K}{(Not incl April)} = \frac{4}{36,000}$
- 2.) \$ given by contrs. invited to green meeting who gave but did not attend. $\frac{127K}{16}$
- 3.) \$ given by contrs. who came to 1st PR meeting and gave 1st offer. $\frac{542,500}{1}$
- 4.) \$ given by contrs. first contacted for raising other 2nd a meeting $\frac{524,100}{17}$
- 5.) \$ Given by contrs. 1st contacted for PR mee. who did not come $\frac{25,250}{2}$

$$\frac{67750}{254,850} = 27\%$$

I would like to suggest that we can infer from the above that:

- 1) The green meeting is the single most effective method of obtaining contr. butors (50)
- 2) Green meeting is single most effective for raising tool. (Such meetings on their invite have produced contr. butors that have given 87% of my contribution)

Green: Oct, Nov, March, April

A 0000000

Barnes - WANTS Indict Ollie
 Watergate babies - WANT TO GET AT THE Pres
 through Ollie
 WANT Another Watergate

Look
 BARNES
 UP in
 Affairs
 of Amer
 Politics

Put Barnes out of Politics
 If we get rid of Barnes we get rid of the
 ring leader and rid of the problem.

Special PAC to do only 1 thing only
 TO AID Congress of Congressmen that
 are trying to undermine President in his
 anti-terrorist Policies

Barnes trying to Indict Ollie - WANTS
 to get at RR - Trying to use RR
 to elect his Senate Campaign -
 If we can beat him he's out of
 Congress.

Giddens Re

A 0037851

CIA, Nic, Enticing Security,

Destroy Barnes - use him as abject lesson
 to others

- RR warned on his return -

Littlelake Reps. Ex 2
 9-8-87 JH1

NBUNT



9/5/85 RABID anti-communist. We should invade
 Nicaragua Media is Not Misguided, they are
 Communists. Same for Congress. Sending 1K 9/6 NOTE: gave
 \$500 to NER just one week previously. THIS MAN HAS \$6 and he
 likes to give it away. Thru 9/13 Year is already being used, which to
 Discuss this at meeting. 9/30 Can make it on w/d. Call me in a week
 about meeting out here. Concerned with ARS (showing), 1/4 Company Cash
 flow problems (END OF YEAR) Know we had 3 Courses at Meeting. Wanted to
 Kill on 2nd Congress. And just had dinner w/ Oakes. C.I.S. Friends of
 the American "2nd K for Food, [redacted]
 1984 GAVE \$200 to Western Goals 1986 - [redacted] it for each year

A 0037766

9/12 Great FAN RR. Hates communists, but not the deathly
type. Into Prayer. Said "I'll pray" at least 5 times. I
think I can sense SK IF NOT I'll send 4. And SK 9/16 Thursday 9/12
DONT WANT \$, JUST WANT HER TO BE HERE.

9/30 - out of town till weekend.

10/10 I'll - Speaking with re Nungun - Nurse jumped on phone "You've
listened long enough. This is ridiculous. You hang up right now." E.W. Asplund
said she was ill and would have to hang up - as Nurse would get angry."

A 0081797

206

OFTEN BOTHER TO SPEAK W/ MRS. Friends of TOM Claggett
1/22. He is part of CANADIAN THERAPY fund him. Involved w/
Radio Martin. Own TV station in Alabama. Director of "The Voice" OLD
TIME ACTRESS 6/13 TO CIR; Kennedy, Walker, Bidney, Crowder, Leiby,
* * * * * 150000 - 62500 Total = Money in 250-1000 state markets
Cont. within 2K American for 1st 10000, 2K for 1000, 10K for 100, 2K for 10,
5K for 100, 5K for 100 (and 10), 2K for 1000, 10K for 1000, 10K for 1000,
Mr. G. Money - giving = Hence various names about spit 2. Thanks there will
be no more. Center and until more is cleared up. TIPS for soliciting
her. Build strong case - state need - Ask for help - Don't Ask for
specific Amount. Doing so gets her really ticked.

A 0081799

[illegible]

~~_____~~
~~_____~~
~~_____~~
~~_____~~
~~_____~~

12/18/1913

Roy PARK

Chi

Nat'l Assn Broadcasters.
 each state has one + one
 Regional President.

Watts do speak Spitz or Goodman

Fairness Doctrine.

She suggests we call Herbert to
 bring up at next weeks
 Int'l meeting of N.A.B.

Saving America

A 0081800

213 277 3444.

- 1) Copy of Adds
2) Was Smith's Report.

(OF

1/4 Challenge - Need real \$ to do this. At least 400k. Show me 20 people @ 25K, I'll match. Sure you can come show me.
6/10 10K for Barnes Adds

ALWAYS WANTS TO KNOW WHO ELSE IS FUNDING
A PROGRAM. FEELS PEOPLE ARE ALWAYS RELYING
ON HIM TO DO EVERYTHING.

7/16 Chatted 8/12 Chatted 1985 Gave \$10,000 to Western Feeds
9/23 5K for South Africa *SEE BACK FOR ONLINE*

A 0081776

305 351 2017

8/30/85 This woman is Med! Claimed the liberals had
tapped her phone. Bolshevik believe every bush. Claims she
has no money. Probably doesn't. Will send small amount of
you RED Menace her enough. 6/6 1980 for Ernest Miller
9/26 1980 for Add. 9/19. Call would not go through 3 times. Try Monday

A 0081774

Identify. ~~Class Number~~ / Article

Since ~~After~~ U.S. Raid on Libya several congressmen have attacked the President's Action. They want to keep President from doing this again.

There are some congressmen that in most cases voted against aid for the Freedom Fighters in Mengua.

| | |
|----------------------------|-------|
| * Mike Barnes | (MD) |
| * Sen Crumston | (Ca) |
| Dellums | (Ca) |
| Bill Chris Dodd | (Ct) |
| Salazar. | (NY) |
| Mel Levine | (Ca) |
| * Gus Savage | (Ill) |
| * Wyche Fowler | (GA) |
| Frank Garcia | (NY) |

~~Bill~~ ~~Chris~~ ~~Dodd~~ ~~Salazar~~ ~~Mel Levine~~ ~~Gus Savage~~ ~~Wyche Fowler~~ ~~Frank Garcia~~

Trying to humble American Power and hobble the President in his efforts against Terrorism.

214 941
4525

~~7300 WIS 8.75~~

75.00 (NOT PERSONAL)

SHOW BUSINETS

2502 BROADWAY ^{SUITE} 2100

NY, NY 20036

CALL AT 2:30 PM
5/27/86

(DONE)

WAS TRU CALL TO DO 5/20/86.

RILLI MILLER

STATUS ON APPR.

NET LYN NO FOREIGN

THIS WORK

AT KENNIS OFFICE

(DONE)

SUITE 2100

WASH DC 20005 SEND HIM OUR LATEST

VIDEO TAPES - CAFP

ALL AMNS. TRU THANK YOU, MR. PRIEST

ADD AND SDT "GOOD MORNING"

~~AMERICA~~ (GTR MORNING OF

PEACE "BITTER LEGACY"

(DONE)
 SPI BRIEFING NOOK
 CALL RANK GORCE
 IF WE DON'T HAVE COPY
 COPY IT OR HAVE GORCE
 SEND IT TO US AND
 WE SEND IT TO JERRY
 CASSIDY

(DONE)
 BLAKE MOORE & FLOUGH
 THURS 8:30 AM. HMY
 ROOMS IRMS Room

(DONE)
 [REDACTED]
 [REDACTED]

CHECK STATUS OF APPT
 LUNCH

(DONE) WAITING FOR C...
 [REDACTED]
 [REDACTED]
 [REDACTED]

WHEN IS APPT?
 WITH SPITZ AND D...

3pm
11 AM Fri. Nov. 1

20K ✓
505 5 min
15 min meet
6 weeks

MEL S. LUTHER

His struggle within administration, Coferman, Ollis. idea
Ollis terribly worried, got dinner with him. Ollis ASPECT

TO RE

24K ✓

505 5 min
15 min meet
6 weeks

J. BARBARA NEWBORN

Green set this up before he disappeared - Green be there

Mar 6 1971

Getting money for grant for him. PRIVATE. Her

have dinner with / very little left now used by Mr Green.

29K ✓

505 5 min
15 min meet
6 weeks

ELLEN GARDNER

Now Jan. Reductable statement. This was Green's big deal

Wish to be his legacy - Permanent support for court

WAB - Green wants her name have dinner with him

20K

ANDERSON - 966 5095

30K

O'NEIL

Examine Press Coverage

10K ✓

545
5 min 5 min
5 min 5 min

BARBARA CHRISTIAN

Got his tape on World Polo. What is TAMES doing

Strategic Irregular Warfare - Jack Whitman

1) NO RECENT MENTIONED WELD PERSON EIGHT

2) SORT PEOPLE IN ADMINISTRATION FIGHTING TO

KILL REAGAN DOING MORE WORRIED ABOUT

PUBLIC OPINION FALLS THAN COMMUNISM

3) ACCORDANCE OF SHOULD

4) ABOUT TO LOSE EVERYTHING WE HAVE GAINED IN
LAST 6 years.

A 0037843

Feb 15K

We're going to have the meeting
either give the \$ to Ollie or
pay him to speak - Need you
to be one of 5 sponsors
Need you to come see Ollie
Go to dinner with him

You + I both know Ollie willing
to sacrifice his life for RR
You know it so does RR

You + Z know he is a good
patriot who will do anything for
RR.

Need to take Mrs A out
Fri or Sat for her Vanilla milkshake
+ Lunch.

Conference

130K Weds, Thurs, Fri

RR meets w/ us Thurs
give him with document on
Covert WAR. Do by Frid
Feb 5-6 April 20K
who come to this

~~7 ppl may attend~~
7 ppl may attend
Conference

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FORM 7081

Green will take her to dinner
when she comes around her
corner. 15 NOV 15 and Feb

Save for Ellen.

New Tax deduct gift for
Ellen

25K.

Ellen. 11:11 Weds.

Use personal #

If Complaints - This was
green's big deal - let's get
part of this HE WANTS TO
GO OUT TO DINNER w/
you. - Go to with w/

product 2 sponsor
so important future of
country - Green suggests
how start this - Chad

Use this foundation in
future to help Green in
variety of ways.

Barbara Nairington 30K

Overall 30K, he is only
person to get reporter the

Why a
Foundation
in England?

| Q10 ✓ | more ? | 2K | 1K |
|---|--------|--------|--------|
| Reason | Reason | Reason | Reason |
| ① Reason 500 | | | |
| ② Stationery ✓ 500 | | | |
| ③ Green Phone for Mel Williams + Sullivan | | | |
| ④ People coming to conference who aren't being invited? | | | |
| ⑤ Gerwood - Send? - \$ visit Call her tonight - CRC was with her | | | |
| ⑥ New York Letter - he sent to call today had to go | | | |
| ⑦ SDI? did in 86 in Dolan memo. | | | |
| Lampson said nothing to Worrigueant - //00 | | | |
| WHO IS JANE'S | | | |
| LAWYER. | | | |

Chris Littleale

170.00 JN

11 years U.S. Army office

5 years Grand Jury - White Collar Crime

Geymond

Sullivan

David

C. G. H.

Newington

B. Church

Green

Schwesser. Green

AFGHANISTAN.

1) NOT ENOUGH NEWS

2) People know about

3) Now at point where we need to push Public to push Govt especially State Dept. to

① Pressure diplomats to push Soviet Union - Terrorism is obstacle to normal Relations

② NY TV (U.N) affects OF Soviet official it violation of Afghanistan

Chris Littlelake

A 0037848

Ask Rich -

44,000 Cypriots + Israelis in U.S.

Who was it threatened AR, Heritage, Oll
Singlaub.

DATES

- 1) Marines in Beirut
- 2) Marines El Salvador
- 3) Athens Airport
- 4) Bomb in Senate
- 5) Stetham
- 6) Bomb in plane - 2-3 weeks ago

9/14 Supports Contras. VERY concerned w/ TAX DEDUCTABILITY. Tax deductible
 made ~~the~~ his ears perk right up. Anti-Con
 but not bloodthirsty or Racist. Calm, VERY Calm.
 Sending 1K on 9/14. Rmd 9/17
 11/13 Public Diplomacy. Invite 1421. No want leave Florida.
 Br. is while House can see you. Sure - Wing? "Pitch
 for 10K for Public Diplomacy. OH 210-Two million-1st
 re down for 2K. Sending VHS of Freedom Fighters. Included
 tax deductible statement.

ATAC

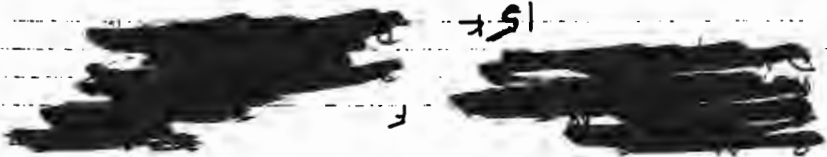
9/25 "How can this be tax deductible" "How get my name" "Impressed by
 White House Invitation" To call back 9/26 by 5 pm. 9/26 called Jack
 CANT. Make it will save \$500.

A 0037800

A 0037802

US. Bureau of Census & knows all, will hurry
SEND LETTER

15r



Means Johnstone

B.D. 11/19/14 Ed Weir said
to call.

SSN 220 03 0093

~~Lloyd Clark~~

Angelica LLOYD Clagett

019 36 0146

2/6/1918

C. H. 46144

"I'm calling about a meeting with the President."

President has agreed to meet with us on this.

Want to be able to tell the Pres that these are the people who have made it possible to start the Program.

Need to have 1/3 of the burden by the time the Pres meets with us.

Chris H. H. H.

[REDACTED] [REDACTED]
[REDACTED]
[REDACTED]

9/25 Wanted to know how ... (1) Tax deductible
(2) where we got none. Impressed by invitation
to White House. Smelling \$500 ... Can't make it.

County - Inw; Lancaster, PA

5:30 - 6:00 pm

Saturday

395 3345
Green.

Place to Horrying

Airport. Then CAB

to Hotel (Centerville Rd)

Holiday Inn, Battle Creek.

616 979 1100

Brent 561 41 3850
1/13/60

567 12 9131 512

2/6/53.

like him to help with

If his interest would

let him to come.

A 0037767

Inw, Lancaster
271
- Holiday Inn, Lancaster
717 393 0771

393 0771

[REDACTED] 512-485-7257
 [REDACTED]
 [REDACTED]
 [REDACTED]

9/14. Supports Contee. VERY Concerned with TAX
DEDUCTABLE. TAX DEDUCTABLE Made his ears perk right up.
 Anti-con but not bloodthirsty or fabled. CALM - more than I am.
 Sending 1K 9/14. Revs also. Thankd 9/13. See Contee book for
 Sister Communications. Out on Vacation. N/A

A 0037770

5/6/86

INFORM DAN

ADAM GOODMAN SAID CONSTITUTION
BUDGET WILL BE SENT AND HE WOULD
LIKE TO MEET WITH DAN AND
SPITZ REGARDING SPI PROJECT

DEUTSCHÜ ÜBERSETZUNG

ASK ROGER ABOUT PRESENTING OUT
U.S. DEFENSE COMMITTEE CONTRIBUTION
LEST

CALL TO
WAITING
CALL BACK
VVV

See Dan

TALK TO DAN
THEN CALL BACK

To: Spitz on Dan
Date: 5-6-86 Time: 10:12

WHILE YOU WERE OUT
M. [REDACTED]
of [REDACTED]

Phone [REDACTED]
Area Code [REDACTED] Number [REDACTED] Extension [REDACTED]

| | | |
|-------------------|-----------------|-------------------------------------|
| TELEPHONED | PLEASE CALL | |
| CALLED TO SEE YOU | WILL CALL AGAIN | <input checked="" type="checkbox"/> |
| WANTS TO SEE YOU | URGENT | <input checked="" type="checkbox"/> |

☐ RETURNED YOUR CALL

Message: Followup on letter
he sent last week

ANN
Operator

AMPAS
EFFICIENCY

23-020

A 0076033

2/28/86

FOR

Rick Ahearn - Advance Man - Rick will hire

Dan - Roger report to Angela about work

→ Angela: Letter from President

Herman EVANS - Get copies

Bitter legs

IBC - Contact for FOF - Steve Schwartz

Invite List SS# + DOB

Ten fundamental ministers

Best guests

Select 500

FEC

Ralph Hissom - call

①

Debbie Massick

- Frank - Farwell - ask who he wants

② Senatorial Friend List

A 0078783

Ralph - Our plan - starting seminars
on topics - talk to folks.

Seminar on Terrorism -

Askes • UP to speak on it - CIA - Pres.

U.V. help alert and
mobilize Volunteers for the
Cane Route organizers.

O'neil w/ Zhou } Cane route
Parkins w/ Fish }

Major focus is to ~~get~~ get
prominent local leaders
to Besiege congressmen.
organizers

Gross contact to contact FGS
Contact High dollar contributors
to contact their congressmen

* List of 1500 Grapes helping
Sandista - 3 on CIA April
24th

* Call Rich List of
1500 must be at Plaza
of American Tuesday.

| | | | |
|-----------|----|-------|-----|
| Barbara N | 70 | Pucci | 10 |
| Christine | 30 | Ellis | 20 |
| Buster | 50 | King | 25 |
| Salv. | 25 | Warr | 50 |
| Rosen | 10 | Healy | 10K |

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FILER NO. 7001

A 0081864

46442

20

- TX
- NC
- SC
2 NY 1 Den Vok
4 CA 1 Den Vok
- FI
- AI
- La
- TN
2 IL

| | |
|-----------------------|------------------------|
| 6:30 | Finner Teller Rachant. |
| Silly | North on |
| Ridge Route on Hwy 15 | |
| Base of mountain | <u>Grape Vine</u> |

at left

- 1) Call and Beat Mark Silly
- 2) ON Mt - where stage
- 3) Call Salvatore
- 4) Call Libby Dan Kirkland -
Get list of Congressmen on
Select Committee - who are
liberals
- 5) Garwood 9,100 Sentinel - ADD
6:00 PM
- 6) RAMSEY 9,100 Sentinel - ADD
6:00
- 7) Anderson 7,100 Sentinel ADD

CRC didn't understand - Right
you were doing something new -

MIRAMAR Sheraton
Annice getting car
CASH.

THINGS TO DO

Ask Ramsey 817 322 8635
to come to Dallas to talk with
US + go to dinner.

Caroline Sholekoff 214 880 0014

~~Bill~~ W.H. Bill Brien 745 2000
Constit + Energy - Nic
Dave Brown 869 6011
Constit or Sen CR 869 6011

SEE Herbert Dow + Wife
RE: Constitution Project - Illinois
or Indiana - Don Chisholm

*CRC to call Salvatore in
A.M.

*Print "confidential" copies
to be made

*Print Lutzke proposal

*Rich to get us more
for pgs from TLT + B&B

*Call Salwasser

*Call ONI

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FILLET NO. 7073

A 0081860

THINGS TO DO

Call office Re:

- 25270.1) John Johnson (How much game)
- 91343 2) Arnold Weitzel (How much game)
- 3) Liddell - what gave to.

46439

1) ~~Ferguson~~ Nic Ferguson's reference

Silverman

2) On Mexico - Go over things as progress
Talk + Seal with emergency NIS

3) Galt - save President - Sustained - full with

4) Galt - save President - Sustained - full with

5) MUST - Give SC for keep - Nic - Sustained

6) Liddell - Call office - what gave to

7) Lucas - ALGAS AGUA

8) Paul - Conchito - Page for

9) Sumner - Conchito - Save as a whole

10) Sumner - Save as a whole

11) Sumner - SEC Just Chart

FL. WARD

Sumner - 817 335 324

House - 817 731 1509

1526

Part

Vague - Blind - Spitz ChanO

NE PL

(air)

Tratt Latt - Henry Hadd (Jr) R6 (Lundstrom)

Bob Richard Richard Ray (Ga)

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- > Free (unchain) the CIA to do its work: clean covert action - Angola, Mozambique, Nicaragua, Afghanistan
- > Support strong defense Budget (like support for Israel) to strengthen Anti terrorism (Stronger Embargoes)
- > Support RR on Nicaragua - Shut down Arafat + Khadaffi buses there.
- * > End WAR POWERS ACT (Frank Church work) that hobble Presidents ability to Act. against terrorist bases Libya, Iran, Syria, Nicaragua.

W. Part

✓ A-15 @y Bravo
✓ A-7 Shultz

Editorial

A 0081855

Circled Sundry Outlook - Garwood - New York
 ✓ DAN - call David Fischer - Get date ^{there are brochures done} - 50
 we can start calling - When is he coming to D.C.

Stumbling Block in Pres. Wey

Just Support Pres.

Need united Nation.

We need help to defeat Pres.

I want to speak to you about
a project you've never had
mentioned to you before.

██████████
 ██████████
 S. ██████████ 8249

██████████
Calero Christian

12/17. 23 years old. Just started own construction business.
 Concerned about rumors in Monrovia. Don't see bloody. Asked
 "This is for humanitarian purposes?" Promised to send something.
 W. Ed. name Tracy.

A 0081803

[REDACTED]

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9/26 NO to 9/15 G.A.H.

Yes to $\frac{1}{16}$ Bricks 1k.

4/25 12 Napl - 12 ATAC. Also is calling Peter Rosenblatt so I can see him for A

6/16 IK For Barnes addr.

8/26 11 AM - K. L. / C. W.

10/27 IK for ACT

10/30 3L for ACT.

12/12 1K for Green,

1/5/87 - Wish I could volunteer check-
book but can't.

Figure 1

How get me &
wife?

How come tax deduct?

Purpose of the meeting is
to help facilitate and
delivering system for the
27 mill in aid just
passed by Congress

In calling to work

RNC 2K, 100, 1K, 120

Cite for Republic 1K,

Secret Conference

Meet Ludvik on Monday
 20K rel. Conference gives info
 20K Addressed 10K
 20K On air → exclusive Newspaper
 5-10K. Substantive
 10K Barber - Christian - going to be a
 case

Tell Dan meet w/ Ludvik
 Monday with David Geller / CEC / etc.

95 By Thursday

Hire Flier to bring us
 all over to W.H. Th next
 w/ RR.

RE ACF / JART - Ollie
 Said this was good idea

Redman News 203 869 6656

Call Thursday

(Green set up before he
 disappeared - Green will show
 up - we will get it or get
 it for him - we need to get the
 20K notes possible. PRIVATE

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 Stenographic Transcript of

HEARINGS

HSITS 161 /87

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
 TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

DEPOSITION OF JOHN WILLIAM McDONALD

Friday, August 14, 1987

UNCLASSIFIED

Partially Declassified/Released on 6 JAN 88
 under provisions of E.O. 12356
 by K. Johnson, National Security Council

Washington, D.C.

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DEPOSITION OF JOHN WILLIAM McDONALD

Friday, August 14, 1987

United States Senate

Select Committee on Secret

Military Assistance to Iran

and the Nicaraguan Opposition

Washington, D. C.

Deposition of JOHN WILLIAM McDONALD, called as
a witness by counsel for the Select Committee, at the
offices of the Select Committee, Room SH-901, Hart Senate
Office Building, Washington, D. C., commencing at 1:38
p.m., the witness having been duly sworn by MICHAL ANN
SCHAFFER, a Notary Public in and for the District of
Columbia, and the testimony being taken down by Stenomask
by MICHAL ANN SCHAFFER and transcribed under her
direction.

Partially Declassified/Released on 6 Jan 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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1 **APPEARANCES:**

2 On behalf of the Senate Select Committee on Secret
3 Military Assistance to Iran and the Nicaraguan
4 Opposition:

5 JOHN SAXON, ESQ.

6 On behalf of the House Select Committee to
7 Investigate Covert Arms Transactions with Iran:

8 ROBERT GENZMAN, ESQ.

9 ROGER KREUZER

10 On behalf of the Department of the Army:

11 COLONEL JOHN WALLACE

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C O N T E N T S

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EXAMINATION ON BEHALF OF

3

WITNESSSENATEHOUSE

4

John William McDonald

5

By Mr. Saxon

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E X H I B I T S

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MCDONALD EXHIBIT NUMBERFOR IDENTIFICATION

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PROCEEDINGS

Whereupon,

JOHN WILLIAM McDONALD,

called as a witness by counsel on behalf of the Senate Select Committee and having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION

BY MR. SAXON:

Q Sir, would you state your name for the record?

A John William McDonald.

Q And what is your occupation?

A I'm a Colonel in the United States Army.

Q And can you tell us what your present assignment is?

A I'm an instructor at the National War College.

Q And when did you commence that assignment?

A I started that assignment on the fifth of June of this year.

Q And prior to that what were you doing?

A The year before this I was a student at the National War College, and prior to that I was Chief of

Q And how long were you chief [REDACTED]

A I was chief [REDACTED] from September 4, 1964,

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1 until the first of July, 1986.

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Q If you would, Colonel, tell us in your words at whatever length you want to go into the forces that led to the creation of [REDACTED] system. Describe, if you would, the background, the considerations, the dynamics and a bit of the chronology of how that all came to be.

A Okay. [REDACTED]

Q And who was Chief of Staff at that time?

A General Wickham at the time, had just assumed the position of Chief after being the Vice Chief for a year. During that time there were a series of incidents involving [REDACTED] of which much has been made in the press -- YELLOW FRUIT and the whole gamut of activities surrounding gaining better control [REDACTED]

General Wickham at the time, in his role as Vice ^{Chief} had seen that the Army had more black programs than he had seen before, and based on the fact that each program was compartmented there appeared to be no one centrally in control of the whole operation.

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1 Consequently, [REDACTED] directed the Vice Chief of
2 Staff to establish what he called an architecture for
3 controlling management of Army black programs.

4 Subsequently that was given to the Army
5 Director of Management, and the Army staff spend[†] about
6 eight or nine months studying the problem, looking at
7 different solutions, and finally, in the summer of 1984,
8 came up with a recommendation that an office be created
9 for central management within the Office of the Chief of
10 Staff of the Army.

11 That office subsequently became known as
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]

15 Q Prior to [REDACTED] if you could
16 briefly tell us how requests for transfers to the CIA
17 came about. We understand that all of the Army's support
18 to agencies is not confined to the CIA, but for our
19 purposes that's what we're primarily interested in.

20 A Prior to the time [REDACTED] the
21 Army [REDACTED] office, that is, the office that dealt
22 directly with requests from the CIA, was located
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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1 They had created an organization that was
2 black in nature. That is, the people were not officially
3 on the Army records, their records were managed off-line,
4 and they had a streamlined reporting system [REDACTED]
5 [REDACTED] to the Vice Chief of Staff of the Army for
6 approval of very sensitive requests coming out of the
7 CIA.

8 Basically that office was headed by an Army O-

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 Basically that's how the system worked. The
24 approval system went up on varying degrees [REDACTED]
25 [REDACTED]

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Q All right. If you would, take a few minutes to tell us how the system works now from the point of entry with a request -- where it goes, how it works its way through the system to ultimate approval.



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[REDACTED]

Q What's the degree of specificity for the request? Does it include stock number, nomenclature, price, et cetera?

A Normally the agency does not have a price. In some cases they'll have what's called the AMDF, which is a microfiched copy of Army prices lists for parts, and in some cases end items.

Q And that's the Army Master Data File?

A That's correct. In all cases, the CIA does not have a current copy of that. These are primarily for estimates of what it's going to cost them. They rely upon the Army to provide them exact pricing data at a subsequent date to the request. Once the request comes to the Army, we ascertain that all of the data is there.

[REDACTED] goes to the Vice Chief of Staff of the Army [REDACTED]

That is, we have looked at it from a legal, fiscal and

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1 operational respect. We've matched them against the
2 criteria for approval of such requests, and we make a
3 recommendation to the Vice Chief whether or not the Army
4 ought to even consider the request before we go into
5 formal staffing of the request.

6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]

10 Q Do any of the requests ever get killed at that
11 early stage on a concept basis?

12 A Yes, they do. At the concept basis there are
13 requests.

14 [REDACTED]
15 [REDACTED]
16 [REDACTED]

17 And there are other cases
18 as well. If supply of an item or parts would impact upon
19 the readiness of the Army, we may turn it down at the
20 concept stage. Normally, however, that's determined
21 through the formal staffing process in coordination with
22 the DCS/LOG and the Army Materiel Command.

23 Then, once the request has been distributed
24 for formal action by the Army staff, the action is
25 developed. The action officers keep in contact with [REDACTED]
to ensure that there have been no changes and that they

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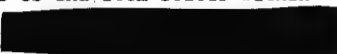
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are proceeding down the right line.



Q At what point is there a readiness assessment made in this process?

A The readiness assessment is made at essentially two different points. The action office that has the formal action  makes an impact assessment based upon their view of parts or end item status within the Army. That's reviewed by  the chain of command, who makes his own independent assessment.



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[REDACTED]

Q We'll come to the specifics of what happened chronologically with SNOWBALL and CROCUS in a few minutes, but I'm asking for opinion here, so I want to really denominate it as such. But, in your opinion, is there any reason why SNOWBALL and CROCUS could not have been processed quickly and appropriately through the formal [REDACTED] system?

A Both requests could have been processed quickly and efficiently through the formal system, acknowledging that there would have been a greater degree of risk of disclosure because of the larger numbers of people involved in the staffing process. However, those numbers are still relatively small. You are talking in the neighborhood of [REDACTED] people total who would have

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1 knowledge.

2 Q And these are people who are the Secretary of
3 the Army, the Vice Chief of Staff, the Judge Advocate
4 General, the General Counsel?

5 A That's right. These are principal senior
6 people in the Army structure.

7 Q All proper clearance, all handle sensitive
8 things as a matter of course?

9 A That's correct.

10 Q Has the record against leaks [REDACTED]
11 [REDACTED] been good?

12 A Very good.

13 Q Let me ask the question that we have been
14 asked and that we should examine appropriately as we
15 prepare to write a report. What difference would it have
16 made with SNOWBALL and CROCUS -- either together or
17 answer separately -- if we had gone through the formal
18 [REDACTED] process [REDACTED] Would it
19 have made any difference?

20 A The [REDACTED] process is built upon a number of
21 principals being involved in order to provide appropriate
22 checks and balances. Where one senior official may feel
23 it's appropriate, another may not. The system is built
24 upon balance between the military side of the house and
25 the Secretariat side of the house in order to ensure that

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1 no one oversteps the bounds of propriety or authority.

2 [REDACTED] the
3 conclusion, based upon the fact [REDACTED]

4 [REDACTED] told, that the action had been approved by the
5 President, may well have been the same. However, there
6 probably would have been a more serious challenge as we
7 executed that particular action.

8 Q On what basis?

9 A The fact [REDACTED] did not know the destination
10 was a crucial indicator [REDACTED] concern was two
11 different things. One was inadvertent provision of
12 supplies to the contras in violation of the Boland
13 Amendment. The second issue was inadvertent supply to
14 countries that were on the terrorist list and therefore
15 precluded from receiving U.S. arms.

16 Q Let me follow on this line of questioning in
17 terms of the difference. It seems that part of what
18 you're saying is there may not have been a substantive
19 difference in terms of the decision, but that you didn't
20 use this word, and I don't mean to testify for you, and
21 so tell me if it's not a word you would use, but you
22 seemed to be saying people would have felt more
23 comfortable about the decision if they had known it was a
24 fully-informed decision in terms of going through this
25 process?

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1 A That's correct.

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 Q Have there been instances in the past where
8 [REDACTED] said we will not or the recommendation of [REDACTED]
9 and, therefore, of the Secretary of the Army have been
10 that we would not provide a particular item?

11 A [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 Q Okay. Your answer is appropriate based upon
20 what my question was, but my question was really sort of
21 destination immaterial. Have there been instances in the
22 past when, based on the evaluation [REDACTED]
23 recommendation to the Army leadership and subsequently
24 their recommendation to the Agency was [REDACTED] do not
25 want to provide the requested material?

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1 A In terms of logistics and supply, no. In
2 terms of operations, yes.

3 Q What happens then, in a general sense?

4 A At that point the Agency has the prerogative
5 

6
7
8 Q Have there been instances in the past prior to
9 or other than SNOWBALL and CROCUS where this process has
10 served to in essence kill requests that have come from
11 the Agency?



12 A Yes.

13 Q 
14

15 A

16 Q So in previous instances it would be where the
17 Secretary of the Army says that the recommendation --
18 response would be negative and the Agency has accepted
19 that?

20 A That's right.

21 Q Have there been instances, then, when that
22 argument has been put forward to the Agency and then they
23 have gone through the process of appeal 
24 

25 A No.

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Q [REDACTED]

A To the best of my knowledge there have been no cases of that. In essence we have pretty much gotten our way. We are more than willing to support the Agency, but within the bounds of understanding what we're doing in providing that support. Consequently, the Agency has not chosen to try to override an Army decision in the past.

They had expressed at the time concern with our process, and we were in a bureaucratic argument at the time just preceding this era where, because of compartmentation, sometimes even the logisticians in the Agency don't know where things are going because the operational people won't tell them. So, consequently, to fulfill an Army request the logistician will have to go through the operator and get the answer in order to come back to us.

And there were problems with that within the Agency itself which sometimes caused consternation. These two instances on our part, and part of our anxiety about the two, were the fact that they appeared to go around the system in order to preclude [REDACTED] from challenging a request that would come through. Our concern primarily was that they would become a precedent for future actions.

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1 Q Don't misunderstand this next question because
2 I'm not accusing you of being unobjective, but you have,
3 and understandably reflect, an Army perspective. In your
4 opinion, has the CIA ever been disadvantaged from an
5 intelligence or operational standpoint or, for that
6 matter, has the government been disadvantaged because the
7 Army bureaucracy had to work its way?

8 A One incident only that I can think of

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Is the system a good
one? Does it work?

A I think the system is a good one. I believe
it works. I acknowledge the fact that sometimes the

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1 requests take longer to fulfill than the Agency would
2 like. Sometimes that's not always bad.

3 Q [REDACTED]

4 [REDACTED]
5 [REDACTED] were there any
6 requests for support to the Agency other than SNOWBALL
7 and CROCUS which bypassed the [REDACTED] system?

8 A None that I know of.

9 Q In your opinion, did SNOWBALL and CROCUS
10 bypass the [REDACTED] system?

11 A On a theoretical basis you could say that the
12 [REDACTED] system was used [REDACTED]
13 [REDACTED] but at the same time it went outside
14 the [REDACTED] system as well because [REDACTED]
15 checks and balances was bypassed.

16 Q Now, we have had testimony from two particular
17 individuals who have told us that the purpose of the
18 [REDACTED] system is simply to guarantee that the
19 leadership of the Department and, in this case, the
20 Department of Defense know that a particular action is
21 being worked.

22 Would you share that opinion as to the purpose
23 of [REDACTED]

24 A Well, our responsibilities clearly go beyond
25 that. In the support plan for the Agency as well as the

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1 DOD documents there is clearly a responsibility to assess
2 propriety of the request in view of the Department of
3 Defense providing whatever is requested. There is a
4 responsibility to judge the legality of the request.
5 There is a responsibility to determine whether or not
6 provision of support as requested might create an
7 embarrassment to the Department of Defense or the Army or
8 the country.

9 There is clearly a responsibility to judge the
10 nature of the request and whether it's contrary to the
11 interests of the services and the Department of Defense
12 to provide such support, and I think on that basis it's
13 more than merely an accounting tool, as you seemed to
14 imply from the comment.

15 Q Okay. I'm just conveying the opinion of other
16 people. I think that's probably all that I've got right
17 now on the functioning and operation of [REDACTED] but
18 let me ask you to jump to what may be the end -- it seems
19 to flow here -- and ask you if you have any thoughts that
20 the Committee should entertain in terms of
21 recommendations which we might make in our report about
22 ways this whole system could be improved, and by whole
23 system here I mean something larger than simply [REDACTED]
24 [REDACTED] system, but the manner in which the
25 Pentagon conducts covert operations or provides

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1 assistance to the Agency for the conduct of intelligence
2 or operations.

3 Do you have any thoughts as to what we should
4 recommend?

5 A One of the things [REDACTED] from late
6 '84/early '85-on was the responsibility to notify the
7 Congress in accordance with the Intelligence Act of
8 significant intelligence activities, and clearly what
9 those meant in 1984 [REDACTED] the
10 definition of "significant intelligence activity" and
11 responsibility for reporting that changed somewhat from
12 the 1985 Intelligence Act, when dollar amounts were
13 created that clearly defined [REDACTED] responsibility [REDACTED]
14 for reporting levels of support.

15 An issue that the Army has had -- and I
16 believe still supports that [REDACTED]
17 [REDACTED] is that in reporting to the
18 Committees, both the HPSCI and the SSCI, whichever
19 service provides support at the time of notification of
20 that support should have its own equities protected in
21 the provision of that support by being present at the
22 notification.

23 In other words, if we provide a significant
24 level of support and the CIA comes over to notify the
25 SSCI or the HPSCI of that support, that the Army

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1 representative or representatives should accompany for
2 notification in order to say here's what we're providing
3 and answer questions, yes or no, there is an impact. We
4 feel that that's the best way to ensure that everybody is
5 properly notified.

6 Q What good would that serve? What real purpose
7 would -- what do the intelligence committees get from
8 that process that they wouldn't get from the Agency being
9 there alone?

10 A It's my view that the Committees were not
11 always fully notified of the extent of support or service
12 participation in certain activities. One committee at
13 one time was told that

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17 It was our view -- and the Committee
18 subsequently found out about it and queried us, at which
19 point we told them exactly what was happening and caused
20 some friction between the Army and the Agency as well as
21 between the Agency and the Committee.

22 Q Any other recommendations you can think of?
23 Should we institutionalize the system
24 with legislation or should we replicate that model in the
25 other services?

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1 A Each service and the DOD is significantly
2 different and the personality of the control activities
3 would vary by service. It's my view that if legislation
4 were produced it should set a standard and require the
5 services and DOD to adhere to the standard as opposed to
6 describing how the function should work.

7 Q Do you think the services are sufficiently
8 similar that the same model could work for all three?

9 A I'm less familiar with the Navy system than I
10 probably ought to be to speak to that, and I believe the
11 Air Force has a relatively responsive system, although
12 it's not exactly like ours.

13 Q What about the issue of Congressional
14 notification? Do you think that there are operations or
15 intelligence activities of a covert nature which have
16 sufficient sensitivities to them that we could ever
17 justify not notifying Congress at all?

18 A My belief is that the current procedures for
19 notifying the senior members of each Committee in very
20 sensitive matters, as opposed to the entire Committee or
21 the staff, are adequate for even the most sensitive of
22 operations.

23 Q What about the issue which we've heard
24 discussed of late to have a single Intelligence
25 Committee, reduced in number as to both members and staff

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1 from the two Committees which exist now?

2 A I'm not really competent to talk on that.

3 Q It's rare when someone says those words.

4 Before we go back to go through the
5 chronology, let me simply ask Bob and Roger if on these
6 general subjects they've got anything to ask.

7 MR. KREUZER: Not a thing.

8 MR. GENZMAN: No, thanks.

9 BY MR. SAXON: (Resuming)

10 Q Anything else we ought to talk about of a
11 generic nature?

12 A I don't think so.

13 Q All right. Let's go back, then, and just have
14 you walk us through, at whatever level of detail you
15 want, SNOWBALL and CROCUS -- when you first found out
16 about SNOWBALL, how, who said what, what you did, what
17 happened next, et cetera?

18 A The first issue involving transfer of the TOWs

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General Thurman issued
instructions to be prepared to ship up to
1,000 basic TOW missiles -- and he used the word "vanilla

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1 TOW". [REDACTED] to mean basic TOW -- for
2 transfer to an unknown party through the CIA.
3 [REDACTED] on six to 12-hour standby
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 Q [REDACTED]
8 A [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED] And by the end
13 of the weekend General Thurman wanted it set up. At that
14 time he was departing to go TDY; the Chief was returning
15 from South America, I believe, that afternoon.
16 [REDACTED]
17 [REDACTED] General Thurman
18 [REDACTED]
19 [REDACTED] did clarify that the action had been
20 approved by the President and that he had received
21 notification through the Military Exec to the Secretary
22 of Defense.
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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Q Is it your understanding that General Colin Powell, who at the time was the Military Assistant to the Secretary, who made General Thurman aware of this requirement, is it your understanding General Powell went to General Thurman because General Thurman, as the Vice, sat at the top of the [REDACTED] process, or did he go to him because the Chief of Staff was out of town that weekend?

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1 A It's my view he went to General Thurman as the
2 Acting Chief.

3 Q When you indicated that you did not know the
4 destination, prior to these matters becoming public did
5 you ever know that these were going to Iran?

6 A No.

7 Q Would you tell us what your reaction would
8 have been had in January of '86 you been told these
9 missiles were going to Iran?

10 A I would have told General Thurman at the time
11 that I would believe that the action was illegal and that
12 Iran was clearly identified as one of the nations on the
13 terrorist list for whom we could not transfer weapons,
14 and that we would have to reconsider that and go back
15 through the Secretary of Defense with a legal opinion
16 before we would provide the material.

17 Q All right. What happened next?

18 A General Register [REDACTED]
19 [REDACTED] called in
20 Major Simpson, who was the DCS/LOG action officer on most
21 of the sensitive transfers [REDACTED] He
22 instructed Major Simpson on what he wanted done and the
23 fact that it had to be done by aircraft if he could not
24 do it over secure telephone.

25 Major Simpson understood all that. [REDACTED]

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1 called Davison Army Air Field and lined up a C-12 in case
2 he needed to use it. We also discussed the fact that in
3 order to cover the transfer we would probably use a
4 commercial bill of lading as opposed to a government bill
5 of lading to transfer the items by ground to the
6 departure airfield, wherever that would be, and we didn't
7 know where that would be at the time.

8 General Register at that time told us to take
9 care of it. We left. Simpson knew what he had to do.
10 He went to his office and I went to my office and made an

REF. [REDACTED]

14 I guess it was probably about 1600, somewhere
15 in that area, Simpson came down, said basically things
16 were on track. He had contacted the TOW FM. They would
17 get the stuff together. They would arrange the
18 transportation and ensure we were appropriately covered
19 and they would keep me informed.

20 Sunday afternoon early he called me, told me
21 everything was lined up and in place, and
22 ready to execute on order. [REDACTED]

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1 [REDACTED]
 2 [REDACTED] got no order to go for
 3 quite a time after that. So on Tuesday everything was
 4 still ready to go. [REDACTED] The Chief
 5 had been informed on Saturday afternoon by the Vice on
 6 his way out of town as part of the debrief, and it just
 7 became a wait-and-see action.

8 Q As you are waiting and seeing, what happened
 9 next?

10 A I guess it was about the 14th of February [REDACTED]
 11 got the order to transfer the first shipment. As I
 12 remember, it was only 500 and not the initial 1,000, but
 13 I could be wrong on that.

14 Q The first shipment was 1,000.

15 A [REDACTED] transferred those. The Chief and the Vice
 16 were informed [REDACTED]

17 [REDACTED] was on order to
 18 provide up to 3,000 more, although I understand that
 19 number is really 3,508 or 3,509.

20 [REDACTED]
 21 [REDACTED]
 22 [REDACTED] concerned upon the
 23 execute order, [REDACTED] didn't know where they were
 24 going, that they exceeded the Congressional threshold of
 25 \$1 million, that whoever was going to notify the

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1 Congressional committees of the transfer in excess of \$1
2 million needed to proceed with that.

3 Again, this had been a contentious issue in
4 the past. We in the Army felt that we should do that.
5 The DOD position was that that was the responsibility of
6 the recipient and so consequently I wrote a memo to, I
7 believe, General Brown claiming that I thought we had a
8 problem there, that we needed to confirm that that was
9 still the understanding of the DOD and that whoever was
10 going to do it took care of it.

11 And our concern was you can't ship 1,000
12 missiles somewhere and not expect them to show up, and
13 when they showed up we needed to make sure that everybody
14 was above-board and understood it wasn't something we
15 going to keep covert for very long if you plan to use
16 1,000 TOW missiles.

17 Based on the sensitivity, General Brown
18 recommended I go up and talk to General Powell. I did,
19 and again he reiterated the DOD policy is the
20 responsibility of the recipient and that the Army did not
21 have responsibility to do that.

22 Q Did General Powell indicate to you in any way
23 that the responsible party, and in this case it would
24 have been the Agency, was going to notify the Congress,
25 or was it simply we hear what you're saying and it's

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1 their responsibility?

2 A The latter. We hear what you're saying. It's
3 not our responsibility.

4 Q As far as you know, did anyone make further
5 inquiry of General Powell or anyone else through
6 subsequent shipments as to whether the Congress had ever
7 been notified?

8 A General Russo was concerned and later wrote a
9 memo and discussed it with General Powell, and I
10 understand -- I did not know it at the time -- General
11 Powell sent that memo over to the NSC saying we had some
12 concerns that proper notification be made and that he was
13 reiterating the policy that it wasn't our responsibility
14 but that the Agency, as recipient, needed to do that.

15 Q For the record, General Russo's memo was
16 prepared and he verbally briefed General Powell on it.
17 The memo you've got reference to is one that General
18 Brown prepared and sent to General Powell, who then put a
19 cover on and sent it to Admiral Poindexter?

20 A That's right.

21 Q What happens next in the chronology?

22 A At I guess this is about mid-April now,
23 General Russo called me down to his office and told me
24 that he had been directed by the Chief to get together
25 with the Agency on a list of HAWK repair parts and that

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1 he had directed Simpson to take the action, that again on
2 a close-hold basis, without knowing the destination we
3 would be prepared to fulfill this list of parts.

4 Q Did you understand that to be a follow-on to
5 the previous requirement?

6 A No. As a matter of fact, we looked at it as a
7 separate action and did not see them as two linked
8 actions.

9 Q In your mind did they involve the same
10 customer, whoever that was?

11 A No. We had some questions about that. Again,
12 as you have probably seen in my notes on the TOWs, we
13 didn't quite know where they were going, but at the time
14 there were tensions between Libya and Egypt, and we were
15 of the opinion that perhaps we were covertly transferring
16 1,000 TOW missiles to Egypt in preparation for some kind
17 of operation.

18 Again, when you are transferring that quantity
19 you have to look at who has the systems, and in the HAWK
20 case, Jordan in the Middle East was the one who had HAWK
21 systems, and Iran certainly didn't cross our mind.
22 That's kind of not even in the ball game.

23 Q Before we fully leave TOWs, I take it that you
24 had no involvement with any of the pricing problems that
25 arose over the TOWs.

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1 BY MR. SAXON: (Resuming)

2 Q Returning to the requirement in April on
3 HAWKS, what happened of note that you recall?

4 A General Russo informed me that we had the
5 requirement. [REDACTED]
6 [REDACTED]
7 [REDACTED]

8 General
9 Russo at the time, even though we didn't have the AMDF
10 out and hadn't assessed it, was absolutely certain it was
11 going to exceed the \$1 million threshold for transfer,
12 and again he expressed his concern at the second incident
13 in six months or in a couple of months of bypassing the
14 formal system in order to expedite and keep
15 knowledgeability to an extraordinarily few people, which
16 then precluded [REDACTED] formal review.

17 He had some problems with that, expressed
18 those to General Brown. He and I, General Brown, talked
19 about it. [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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1 [REDACTED]
2 MR. KREUZER: In other words, there were
3 requests coming in that were deemed [REDACTED]
4 to be inappropriate and they were turned down?

5 THE WITNESS: [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]

10 And in large part it was our view it was the
11 CIA's own bureaucratic system that required such speed,
12 [REDACTED]
13 [REDACTED]

14 And it was our
15 view if they planned ahead like the rest of us, in most
16 cases they could do it reasonably well, and there they
17 had a true emergency we had a system to deal with that
18 and could do it effectively.

19 MR. KREUZER: We call and you haul.

20 BY MR. SAXON: (Resuming)

21 Q Did any of what some of us now view as the
22 readiness problems with the HAWKS, did any of that ever
23 surface to you?

24 A It sure did. Major Simpson briefed me [REDACTED]
25 [REDACTED]

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1 [REDACTED]
2 I remember telling him, you know, if that's the case,
3 you've got to make sure the Vice and the Chief know
4 before they approve this thing [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]

8 Q Do you remember any of the specifics about
9 what the impact was or what any of the items were or how
10 many?

11 A No. [REDACTED]
12 [REDACTED]
13 [REDACTED]

14 Q Do you remember any discussion about a
15 particular [REDACTED]
16 [REDACTED] in the radar of the HAWK system?

17 A I sure don't.

18 Q Do you remember discussing -- even if you
19 don't remember now what the specific part is, do you
20 remember discussing specific parts, or was it simply X
21 number of items [REDACTED]?

22 A It was primarily X number of items [REDACTED]

23 [REDACTED] Then, at a later date, we got a request for
24 end items, in effect the radars as major units, and then
25 again it hit us as really strange, and we were a little

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1 uncertain how to deal with that.

2 Q To your knowledge did Major Simpson ever raise
3 with the Chief or the Vice this readiness issue?

4 A I'm not sure. I believe General Russo
5 discussed it at least with General Brown, that it would
6 cause problems, and I don't know where it went from
7 there.

8 Q Did Major Simpson ever tell you of any
9 discussions he had with the Agency on this issue?

10 A No.

11 Q Whether he had been overruled?

12 A No.

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23 Q Were you around when what we call the follow-
24 on request for HAWK parts came around?

25 A No. I left on -- I think my official

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1 departure data was 3 July of '86.

2 Q But the radar issue had been addressed prior
3 to your leaving?

4 A The initial investigation of the availability
5 of the radars had become a topic of discussion, although
6 a formal request had not yet been placed with the Army.

7 Q Were you aware that it was determined that we
8 did in fact have the two radars requested, but they were
9 part of the Iranian frozen assets?

10 A Yes.

11 Q Did that ring a bell with anybody as to what
12 the destination might have been for these HAWK parts?

13 A If it raised anything at all, it was in a mode
14 of levity -- screw the Iranians; we'll take the radars
15 and ship them someplace where we can use them.

16 Q And in terms of a chronological walk-through
17 these two matters, does that end your involvement?

18 A That is my involvement, until the FBI called
19 me in January.

20 Q Were you interviewed by the Department of the
21 Army Inspector General?

22 A Yes, I was.

23 Q I think that's probably all I've got. Let me
24 look through some notes and see if Bob's got anything.

25 MR. GENZMAN: I have nothing at this point.

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1 BY MR. SAXON: (Resuming)

2 Q Before we let you go, then, let me take a
3 quick look.

4 (A discussion was held off the record.)

5 MR. SAXON: Let's go back on the record.

6 BY MR. SAXON: (Resuming)

7 Q Colonel, I want to cover a couple of things in
8 a little more detail that we touched on before. The
9 first has to do with Iran being on the terrorist list.
10 Now you made that statement earlier and said for which
11 reason you thought these transfers might have been
12 illegal. Tell us a little more in detail what you meant
13 by being on the list of terrorist nations and whether
14 that was a fact that was widely known and accepted within
15 the Pentagon.

16 A There is -- Congress had directed in a law,
17 and I can't cite the law exactly -- I believe it's the
18 Arms Export Control Act -- that U.S. arms not be
19 transferred either directly or through third parties to
20 any nation involved in terrorist activities. Iran is
21 currently on the list. It states that it is involved in
22 terrorist activities and cannot be a recipient of U.S.
23 military arms, either directly or through third parties.

24 Consequently -- and that, to my knowledge, is
25 common knowledge of the people who dealt in this

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1 business.

2 Q All right. On a separate subject, we've
3 talked about whether other transfers to the Agency had
4 bypassed [REDACTED] while we were just off the record we
5 discovered that in a technical sense there is a transfer
6 that did go through [REDACTED] maybe as a pro forma action
7 after the Army was presented with a fait accompli. [REDACTED]
8 So what I'd like to do is have you talk about that for a
9 minute and simply offer as Exhibit 1 what we call the
10 Vuono memo and give you a moment to look at that.

11 (The document referred to was
12 marked McDonald Exhibit Number
13 1 for identification.)

14 I believe you told us that this is an action
15 memorandum which, while it bears General Vuono's
16 signature, you authored; is that correct?

17 A That's correct.

18 Q Now, this is the declassified version, and you
19 can see that there are certain words redacted by the
20 White House, and I think in just about every case they
21 are the words [REDACTED] system", and I'll give you a
22 minute to refresh yourself on that.

23 (Pause.)

24 A Okay.

25 Q That went from General Vuono on 18 April 86 to

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1 the Director of the Joint Staff. Now I assume he would
 2 be writing the Director of the Joint Staff because [REDACTED]
 3 [REDACTED] requests come to the Army from [REDACTED] is that
 4 correct?

5 A From [REDACTED] as well as General Vuono, as the
 6 Deputy Chief of Staff for Operations and Plans of the
 7 Army, is a member of the Ops Deps, which are all of the
 8 service Deputy Chiefs of Staff for operations and plans,
 9 who meet with the Director and initial on just below the
 10 Chiefs to resolve issues.

11 And so General Vuono sent it to the Director
 12 of the Joint Staff as the head of the body called the Ops
 13 Deps.

14 Q And we should note for the record that within
 15 the last month to six weeks General Vuono has become the
 16 new Chief of Staff of the Army; is that correct?

17 A That's correct.

18 Q All right. Colonel McDonald, tell us, if you
 19 would, what generated or drove the creation of the Vuono
 20 memo.

21 A Okay. In the background of having provided
 22 the TOWs on a streamlined basis, and I believe at this
 23 time [REDACTED] also had the first request for HAWK parts to
 24 consider, the issue of [REDACTED]
 25 came up. [REDACTED]

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1 [REDACTED]
2 [REDACTED]
3 had recommended against providing
4 [REDACTED]

5 Q Was that a unanimous recommendation?

6 A I have no idea.
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]

12 At a subsequent date Mr. Ikle came back to the
13 Joint Chiefs and stated that we in fact were going to
14 provide them. I believe the Chief at the time felt that
15 he had the opportunity to rebut that; however, he left
16 town and we got the order to execute while he was gone.
17 When he came back, it was one of the things I debriefed
18 him on, and he was, to say the least, unhappy.

19 Q So in General Wickham's absence the hard copy
20 request from the Agency [REDACTED] to the Army came in [REDACTED]
21 [REDACTED]

22 A That's correct. And we staffed that request
23 through the formal system. However, in General Wickham's
24 absence we were unaware that he expected to have an
25 opportunity to veto that. It was our impression that the


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1 [REDACTED] with the Secretary of Defense's
2 approval, had directed execution of that, that our
3 staffing was merely to determine propriety and legality,
4 which we did through the formal system, and on that
5 basis [REDACTED]
6 [REDACTED] recommended to the Secretary of the Army, who
7 subsequently approved the execution of that particular
8 transfer.

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10 Q Now, in light of the Committee's interest in
11 whether the [REDACTED] system was followed on the Iran
12 arms initiative and whether it works, you've simply
13 described for us a case in which we followed the process
14 and [REDACTED] with the perspective that they have, overruled
15 the Army. Is that a fair way to put it?

16 A That's a fair way to put it. And I would say
17 that's not necessarily bad. The Army has its own
18 perspective and has its own equities to protect.
19 Obviously the Department of Defense and the Executive
20 Branch of government have other equities to look out for.

21 Q Is it your sense that the decision [REDACTED]
22 [REDACTED] that we're talking about right now had the
23 benefit of that full airing [REDACTED]
24 [REDACTED] and they were able to kick it
25 around and debate it and ultimately vote it down,

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1 although they were overridden?

2 A I believe that [REDACTED] had the opportunity
3 to air their views and that those views were most likely
4 considered at higher levels, and other aspects determined
5 to be dominant [REDACTED]

6 Q And, to juxtapose the two cases, while we're
7 working TOWs and HAWKS on one side and [REDACTED] on the
8 other, is it fair to say that SNOWBALL and CROCUS did not
9 have the benefit of the same airing of views? Would that
10 be one difference?

11 A That's clearly true.

12 Q Were you ever made aware on the TOWs that the
13 Army had sought to get replacement price for the basic
14 TOW?

15 A No, I was not aware of that. I became aware
16 of it during the IG investigation but was not aware of it
17 during the transfer process.

18 MR. SAXON: Colonel, I've got nothing else.
19 Roger? Bob?

20 MR. GENZMAN: I have nothing. Thank you for
21 your time.

22 MR. KREUZER: Thanks very much.

23 MR. SAXON: Let me say on the record that we
24 appreciate very much your testimony. It's been very
25 helpful and I think as we write a report it will be very

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1 helpful in trying to sort out how the system that you
 2 administered works. This has been helpful and we
 3 appreciate your time on several occasions.

4 (Whereupon, at 2:52 p.m., the taking of the
 5 instant deposition ceased.)

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 Signature of the Witness

8

Subscribed and sworn to before me this _____ day of

9

_____, 1987.

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 Notary Public

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My Commission Expires: _____

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UNCLASSIFIED**CERTIFICATE OF REPORTER**

I, MICHAL ANN SCHAFER, the officer before whom the foregoing deposition was taken, to hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Michal Ann Schaffer

Notary Public

in and for the District of Columbia

My Commission Expires: February 28, 1990

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DEPOSITION OF ROBERT C. MCFARLANE

Thursday, July 2, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

The Committee met, pursuant to call, at 5:30 p.m.,
in Room B-352, Rayburn House Office Building, with Pamela J.
Naughton, House Select Committee, presiding.

Present: On behalf of the House Select Committee:
Pam Naughton, Ken Buck, and Richard Leon.

On behalf of the Senate Select Committee: Mark Belnick
and Victoria Nourse.

On behalf of the witness: Leonard Garment and
Peter W. Morgan, Dickstein, Shapiro & Morin; 2101 L Street,
N.W., Washington, D. C. 20037.

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Partially Declassified: Release on 12/28/27
Under Executive Order 12356
By E. Assoc. National Security Council

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1 Whereupon,

2 ROBERT C. MCFARLANE

3 having been first duly sworn, was called as a witness herein,
4 and was examined and testified as follows:

5 MS. NAUGHTON: For the record, my name is Pamela J.
6 Naughton, Staff Counsel to the House Select Committee to
7 Investigate Covert Arms Transactions with Iran.

8 Will the others present please introduce
9 themselves?

10 MR. BUCK: Ken Buck, Assistant Minority Counsel,
11 House Select Committee.

12 MS. NOURSE: Victoria Nourse, Staff Counsel,
13 Senate Committee.

14 MR. BELNICK: Mark Belnick, Executive Assistant
15 to the Chief Counsel, Senate Committee.

16 MR. MORGAN: Peter Morgan, Counsel for Mr.
17 McFarlane.

18 MR. GARMENT: Leonard Garment, same.

19 MS. NAUGHTON: For the record, Mr. McFarlane is
20 being deposed today.

21 Mr. McFarlane, we appreciate your cooperation in
22 coming at this strange hour to wrap up a few details that
23 have come up in the hearings since you testified publicly
24 a while ago. I want to try to short-circuit some things,
25 but don't let me cut you off. If there are some things that

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1 you feel necessary to explain, feel free to go ahead and put
2 whatever you want to on the record. We don't mean to limit
3 you, but we do have specific questions to ask you.

4 I would ask if Mr. Belnick can ask his questions
5 first, since he has to leave.

6 EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

7 MR. BELNICK: I join Pam in thanking you for
8 making yourself available after you have testified so
9 extensively to the committees previously. I would like to
10 ask that this document be marked as McFarlane Exhibit 1.

11 (The document referred to was marked for
12 identification as McFarlane Exhibit 1.)

13 MR. BELNICK: For the record, McFarlane Exhibit 1
14 consists of a memo dated March 8, 1985 from Oliver North
15 to Robert C. McFarlane, and attached thereto is another
16 memo prepared apparently for Mr. McFarlane to send to
17 Max L. Friedersdorf. The exhibit bears our Bates stamp
18 numbers N-40599 through N-40603.

19 BY MR. BELNICK:

20 Q Mr. McFarlane, have you seen these documents
21 before? Recognizing that I have showed them to you in a
22 private interview session, do you recall seeing the matter
23 about the time indicated, March 1985?

24 A No, I don't.

25 Q You will notice that page N-40600, which is the

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1 first page of the memorandum prepared for you by,
2 apparently Colonel North, describes a meeting with members
3 of the House Permanent Select Committee on Intelligence
4 held on March 4, 1985.

5 Looking at that memorandum, do you recall any of
6 the -- first of all, do you recall that meeting?

7 A I don't really. I think we have checked on my
8 schedule, and it did occur. I am confident that we did.

9 Q You don't recall the meeting at all, though,
10 independently?

11 A No, I really don't.

12 Q Does looking at this document refresh your
13 recollection as to any of the discussion at the meeting and in
14 particular any discussions at the meeting, including private
15 sector and, third country assistance for the resistance?

16 A No. I am surprised by that, especially the
17 reference that is attributed to Congressman Hyde, which
18 I would think is the kind of thing I would remember, but I
19 don't.

20 Q Why are you surprised by the reference?

21 A Well, it implies that he believed at the time
22 that we ought to be trying to get money from [REDACTED]
23 [REDACTED] and it is cast in a way that should expand as
24 if he were witnessing of the fact that we, at the time, were
25 already receiving money from [REDACTED]

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1 If he knew that I am surprised, and even if he
2 did not know that, for him to be suggesting something which
3 by that time would have been illegal, is implausible to me,
4 and I think that would stand out in my mind if it happened.

5 Q If Mr. Hyde was aware of the existence of third
6 country assistance, it was not from you?

7 A No.

8 Q And you have no information that Mr. Hyde was
9 aware of that fact, do you?

10 A No, I don't.

11 Q One more question on this matter. I take it,
12 Mr. McFarlane, that you have no recollection of Mr. Hyde
13 either at this meeting on March 4, 1985, or at any other
14 time discussing in your presence obtaining third country
15 assistance for the contras?

16 A No, I do not.

17 Q No recollection of that at all, correct?

18 A No.

19 Q And no knowledge or information that he ever had
20 such a discussion?

21 A No.

22 MR. GARMENT: Do you mind if I look at the two
23 annexes?

24 MR. BELNICK: Not at all. Feel free.

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1 MR. BELNICK: Could you mark this next document
2 as McFarlane Exhibit 2?

3 MR. LEON: I note for the record that Exhibit 1
4 starts off with a Bates stamp 40599 and consecutive
5 numbering up to the last page. It appears to be consecutive
6 numbering up to N-4060, although there is a stamp that
7 marks, whether it is 02 or not-- the last page is headed
8 with a number 12 on it. It does not have a Bates stamp on it.

9 The first line reads, "Mr. --

10 MR. BELNICK: It looks like a document that got
11 attached by a Xeroxing mishap.

12 MR. LEON: If it is an accidental thing, I ask
13 that it be removed now from the deposition.

14 MR. BELNICK: I can't believe that it is part of
15 this exhibit, so we will remove page 12.

16 MR. GARMENT: Agreed.

17 (The document referred to was marked for
18 identification as McFarlane Exhibit 2.)

19 BY MR. BELNICK:

20 Q Mr. McFarlane, McFarlane Exhibit 2 is a copy of
21 a cable that we believe was sent by you to the Secretary of
22 State on or about July 13, 1985, bearing our stamps, N-42447
23 through N-42452. I will ask you to look at it and confirm
24 whether it is a copy of a cable you sent to Secretary Shultz
25 on or about that date.

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1 MR. BELNICK: Would you mark that as Exhibit 3?

2 (The document referred to was marked for
3 identification as McFarlane Exhibit 3.)

4 BY MR. BELNICK:

5 Q Is the answer to my question, yes?

6 A Yes.

7 Q I would like to now show you a document marked
8 as McFarlane Exhibit 3. It is a State Department cable
9 bearing our Bates numbers S-000038 through 40.

10 I believe, Mr. McFarlane, that this document,
11 McFarlane Exhibit 3, is the response you received from
12 Secretary Shultz to your cable, McFarlane Exhibit 2, and
13 would ask you simply so to confirm.

14 A Yes.

15 Q Now, Mr. McFarlane, you recall in your testimony
16 at the public hearing in this matter you testified concerning
17 meeting with Oliver North about the congressional query in
18 the summer of '85, and in the course of your discussions
19 with Colonel North, you brought to his attention certain
20 documents that you had pulled from the files that he had
21 written, which you said contained language that concerned
22 you.

23 Do you recall that testimony generally?

24 A Yes, I do.

25 Q Again, generally you testified that you said to

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1 Colonel North that the disturbing language in those memos was
2 at the least ambiguous and could be construed by some
3 persons to indicate that he had not lived within the
4 confines of the Boland amendment generally speaking?

5 A That is correct.

6 Q Colonel North gave you answers concerning those
7 documents, and you testified on May 11, 1987, at page 189
8 to 190 of the transcript that at some point Colonel North
9 came to your office with two single pages, quoting from
10 page 189, "One of them was the same text or close to it
11 of the first page of a memorandum. The second piece of
12 paper was the last page of a memorandum. I say that
13 because the format was from and to on the first page, and
14 the signature page on the last page, so it wasn't an
15 intervening page. He pointed out to me on the single sheet
16 the first page what had been altered to reflect with
17 greater clarity what his intention had been, and it
18 didn't seem to me substantial," and so forth.

19 Since that testimony of yours, we have had a
20 document produced to us that we did not have when you
21 testified the last time. And I will ask the reporter to
22 mark this document as the next McFarlane Exhibit.

23 (The document referred to was marked for
24 identification as McFarlane Exhibit 4.)

25 MR. BELNICK: And you would you mark this one as

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1 McFarlane Exhibit 4-A.

2 (The document referred to was marked for
3 identification as McFarlane Exhibit 4-A.)

4 MR. BELNICK: For the record, McFarlane Exhibit
5 4 consists of pages Bates stamped numbered N-42468 through
6 474. The first four pages or five pages are cover sheets.
7 The last two pages consist of a memorandum dated December 4,
8 1984 from Oliver North to Robert McFarlane. Subject:
9 Confusion in the Nicaraguan Resistance.

10 Next to it, Exhibit 4-A, bears our Bates stamp
11 numbers N-32858 and 59. It is a two-page document also
12 dated December 4, 1984 --

13 MR. GARMENT: Which one is that?

14 MR. BELNICK: Also dated December 4, 1984 from
15 Oliver L. North to Robert C. McFarlane, Confusion in
16 Nicaraguan Resistance. The first two pages of Exhibit 4,
17 the first page of Exhibit 4 and the first page of Exhibit
18 4-A from our review seem to be identical in content, but
19 if you will turn to the next page of the memorandum --
20 the underlining, by the way on Exhibit 4, is ours --
21 Exhibit 4 on the second page -- if you look at the next
22 to the last sentence of the first of the carry-over paragraph
23 on Exhibit 4, it reads as follows:

24 "While I may not have been fully open with him on
25 this matter, it did not seem to me to be relevant to his

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1 other important tasks given current funding arrangements."

2 Do you see that?

3 THE WITNESS: Yes.

4 BY MR. BELNICK:

5 Q Now if you look at the same place on Exhibit 4-A,
6 current funding arrangements has been changed to current
7 funding problems. And the word, "his," given his current
8 funding problems as opposed to given current funding
9 arrangements. Those two pages, then, are different.

10 Looking at that, Mr. McFarlane, do you recall
11 whether this page or these pages were the pages that North
12 brought to you at the time you were discussing problem
13 documents in the late August or early September of 1985?

14 A Well, I remember receiving at the time of origin,
15 I would guess, December of '84, a memo concerning
16 a contra meeting with other staff members, which Colonel
17 North was upset about, so I expect it was this memorandum.

18 As to your question, I am afraid that I do remember
19 that one of the two pages I got was a final page, as I
20 testified. I couldn't be certain that it was this final
21 page. The substance of this change doesn't stand out to me
22 as one that I have seen when he brought those two pages
23 to me. So I can only say that it is very possible. I
24 am not certain that it was.

25 Q Apart from whether it must have been one of the

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1 two pages that Colonel North brought to you at the time, do
2 you have any other recollection of this document being
3 changed at any time?

4 A No, I don't.

5 Q Thank you, Mr. McFarlane. I have just one or
6 two more questions. And excuse me for jumping around.

7 November 21, 1986, the day you met with the
8 Attorney General, do you have any recollection of tele-
9 phoning Lieutenant Colonel North that evening after you
10 spoke to the Attorney General?

11 A Yes, I did.

12 Q Could you please tell us the substance of that
13 conversation?

14 A Well, I went outside and at curb side at the
15 driveway entrance to the Justice Department on the
16 western side is a telephone. I say that because it was
17 outdoors. This was November and it was very cold.

18 I called Colonel North, probably through the
19 [REDACTED] number and they connected to him, the White House
20 switch board, and as I recall, I gave him a summary account
21 of what I had said; that I had given the Attorney General
22 a summary record of my recollections concerning the
23 Iranian initiative; how it started; how it was conducted
24 and without very much detail, but said that it seemed to
25 me to have gone without incident and it had been very

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1 straightforward. I expect that was all.

2 Q Did you tell Colonel North on the phone that the
3 Attorney General had indicated to you in your private
4 discussion with him that if the President had made an oral
5 or what you would call in a professional note, mental
6 finding, to support the shipments in 1985, that would have
7 satisfied the requirements of the finding law?

8 A Well, I don't remember saying that he especially,
9 but I do recall that when the Attorney General told me
10 that, that it seemed to stand out in my mind as important,
11 and so legally I think--I have no specific recollection.
12 I imagine that I would have passed that along because it
13 seemed to me at the time to be an important part of the
14 conversation.

15 Q Did Colonel North say anything to you in that
16 conversation?

17 A Whatever he said, I don't recall. It was
18 acknowledging what I had told him and little else.

19 Q Thank you, Mr. McFarlane. These will be my last
20 questions and they will refer to an article which appears
21 in the current issue, the July 1987 issue of the
22 "Washingtonian," an article entitled, "The Ollie We Knew,"
23 by David Halavy and Neil Livingstone.

24 I just want to ask you about a couple of assertions
25 in this article, Mr. McFarlane, that I think you may have

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1 knowledge of. In 1982 at the time of the Israeli move into
2 Lebanon, what was your position?

3 A I was the deputy to the assistant to the President,
4 at the time Judge Clark.

5 Q And Colonel North would typically report to Judge
6 Clark through you at that time?

7 A Yes.

8 Q According to this article at the time of the
9 Israeli move into Lebanon--I am now paraphrasing from
10 the article--Colonel North was in Israel with Philip Habib.
11 Do you recall whether that was so or not?

12 A I don't. I would be surprised if he were. I
13 usually did track who went from our staff anywhere, and he
14 would not have been the person of choice to go over
15 there at the time. It would have been Jeff Kemp or Bob
16 Kimmet or one or two others.

17 Q Continuing the article says that while Colonel
18 North was there he was invited to the desert residence of
19 Ariel Sharon the night that Israel moved into Lebanon;
20 that Sharon showed Colonel North certain secret plans of
21 Israel relating to the invasion and relating to an effort
22 to get the U.S. to intervene on behalf of Syria in order to
23 make Syria beholden to the U.S.; that North rushed back to
24 the embassy in Tel Aviv and bypassing diplomatic channels
25 sent a report of this alleged Sharon secret war plan to

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1 National Security Advisor Clark, who was with the
2 President then at Versailles.

3 The article then says that no one in the
4 government took time to give any attention to the Sharon
5 proposal. Is any of that true to your knowledge?

6 A I don't think any of it is true.

7 Q Have you ever heard of any such secret war plan
8 prior to reading about it in this article?

9 A Never in that context. There has been another,
10 I think, fictitious assertion that such an exchange took
11 place between General Sharon and Secretary Haig, and
12 I don't think that is true either.

13 Q So you are not aware of any such report from
14 Colonel North back to Washington?

15 A I am not.

16 Q So the best of your knowledge, this story is
17 false?

18 A I believe it is false. I say that also because
19 Ariel Sharon is not the kind of person who deals with
20 subordinates. He talks only to Adams, and they to God.

21 Q And from there it is a local call. The other
22 aspect of this article that I want -- the other aspect of
23 this article that I wanted to ask you about, Mr. McFarlane,
24 same article, relates to stories concerning Colonel North's
25 alleged role in the American military action in Grenada in

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1 October '83.

2 First the article asserts, and I quote, "North
3 coordinated military and policy planning groups in
4 preparation for the invasion and fought a losing battle to
5 persuade Pentagon brass to use only Americans." It says
6 also that Colonel North was responsible for traveling to
7 Caribbean nations to get their support and that he put
8 together the regional multinational force that never went to
9 shore; that it was he who was dispatched by you --
10 what was your position in October '83?

11 A I had become the assistant to the President on .
12 October 17th, about two weeks previous.

13 Q You were the President's national security adviser
14 at that time?

15 A Yes.

16 Q The article says it was North who was dispatched
17 by you to get the President's signature on the order
18 authorizing deployment of the American amphibious units so
19 the invasion could proceed. Is any of that true so far as you
20 know?

21 A Not in its apparent intent. He was a junior staff
22 officer who did participate in policy planning, but the
23 substance of the account is wrong. He would not have been
24 in a position, for example, to recommend to the joint chiefs
25 the composition of the force. That was between Army and

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1 Marines. That was not his role.

2 Q Was it his role to coordinate the military and
3 policy groups?

4 A To participate on a group, but he was not the
5 chairman of it.

6 Q Was he in charge of putting together the multi-
7 national force in the Caribbean?

8 A I don't think there was such a group.

9 Q Could you describe what Colonel North's role was
10 with respect to the Grenada action?

11 A Well, he was one of two NSC staff representatives
12 that participated on interdepartmental planning that led up
13 to it. That doesn't imply participation in the military
14 planning though. That was the role of the Joint Chiefs.
15 His job was to make sure that the President's directions
16 were simply communicated to the others in the community
17 accurately, and then to report back any problems that were
18 surfaced in this group, with carrying out the President's
19 instructions, but essentially a communicator, not a
20 policy role.

21 Q And not a Commander-in-Chief.

22 A Oh, no.

23 Q Lastly, the article alleges that Colonel North
24 was able to pop in on President Reagan by entering the Oval
25 Office, "through the side door, and his meetings were not

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1 logged in."

2 Based on your years in the White House and your
3 knowledge of the Oval Office, your knowledge of
4 the President, your knowledge of Colonel North, how do you
5 react to that assertion that Colonel North could enter
6 the Oval Office through a side door without his meetings
7 being logged in?

8 A That is impossible. There are two side doors.
9 There is a Secret Service guy next to one and the other
10 one is Mr. Deaver's office, and it was locked, and he
11 couldn't get through that way.

12 Q And if he tried to come in through the Rose
13 Garden, when would the funeral be?

14 A That was not feasible.

15 MR. BELNICK: Thank you, Pam. Thank you for
16 permitting me to lead off. I have no further questions.

17 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

18 BY MS. NAUGHTON:

19 Q Mr. McFarlane, you mentioned Judge Clark. You were
20 working for him during a certain period of time. After
21 Judge Clark left government service, did you stay in
22 contact with him?

23 A Occasionally. Usually, however, at his initiative.
24 I suppose he might have called, oh, once a month or I would
25 see him while he served as Secretary of Interior and he

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1 would come to Cabinet meetings, and I attended Cabinet
2 meetings. But periodic, a dozen times a year maybe.

3 Q To your knowledge, was he aware of any of
4 Colonel North's activities regarding contra re-supply
5 operations?

6 A Not to my knowledge.

7 Q I have here a prof note from March 28, 1986,
8 which I will show you, but I first would like to read it
9 into the record, because it is very hard to read. It may
10 help. It is a note. It says, "From: Robert McFarlane;
11 Subject:" and then that is blacked out. "Promotion. David
12 Fisher called this morning. I believe he has also
13 called Florence to discuss the wish of a private group of
14 well-meaning and well-heeled conservatives to help promote --
15 it is blacked out -- on T.V. This group has put together about
16 \$3 million worth of ads on the contra issue in the last six
17 months and is very supportive, and by all accounts,
18 responsible."

19 The remainder is blacked out. The last sentence
20 says, "At any rate, if you want to follow up on it you might
21 call Dave." And it gives a number. "For what it is worth,
22 these folks care less about being stroked; they want to
23 help." Do you recognize those words?

24 A This sounds very plausible because those events
25 occurred. I recall Mr. Fisher contacted me about people who

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1 wanted to promote, thought it was [REDACTED] actually,
2 on television.

3 Q Do you know who these people were?

4 A No.

5 Q For the record, Mr. Fisher is --

6 A David Fisher had been the President's personal
7 assistant until leaving the White House in early '85, I think
8 and at the time was a private attorney whom I had -- who
9 I believe was living in Salt Lake City, visiting Washington.

10 Q I would like to ask you about a couple of these
11 deletions here. In the second sentence, conservatives
12 to help promote-- what is that word? It is partially
13 blocked out.

14 A This is a guess. I bet that it is [REDACTED]

15 Q Then the blackened out portion towards the end
16 of the paragraph after the word, "responsible," do you
17 recall what that discussion was about?

18 MR. LEON: Let me ask this: Is that an
19 unclassified document now?

20 MS. NAUGHTON: No.

21 MR. LEON: Who blackened it out?

22 MS. NAUGHTON: I don't know.

23 MR. LEON: Is this a code word deposition?

24 MS. NAUGHTON: Yes. It has been swept.

25 MR. LEON: Why can't we introduce it as an exhibit

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1 into the record?

2 MS. NAUGHTON: This is my only copy, and I don't
3 want to have it go out.

4 THE WITNESS: I don't know. I assume it is
5 talking about the same thing, about this group of people.
6 All I recall about what Mr. Fisher told me was that he had
7 met a group of people who were responsible, law-abiding
8 supporters of the President who had asked his help in
9 trying to prepare supportive advertising, television -- not
10 commercials, but it is supportive material-- and that they had
11 already been doing the same kind of work on urging American
12 support for the President's policies in Central America,
13 and -- it is probable -- I am trying to think why he would
14 have asked me in the first place -- it is probable that
15 they would be volunteering, but needing some help in getting
16 current positions from the administration on just what it
17 wanted stressed, what is your policy [REDACTED] and how can
18 we help.

19 So I am guessing that that seems likely.

20 BY MS. NAUGHTON:

21 Q Do you know what would have been -- is there
22 anything Mr. Fisher said to you in that conversation or
23 that you later related about that conversation that would
24 have been classified above top secret?

25 A I don't think so.

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1 Q Was there any discussion of this group of people
2 contribution to the political campaigns?

3 A I don't think so. No.

4 Q What was done about this information that Mr.
5 Fisher related to you?

6 A Well, if Admiral Poindexter even acknowledged the
7 note, I guess it would be in the file, but I don't believe
8 that he did, and that this was the last that I had to do
9 with it. It was a matter of passing along information from
10 Mr. Fisher, and assuming that the matter was closed -- I
11 guess I said in the message that if Admiral Poindexter
12 wanted to follow-up, he could call David, and I never
13 heard anything more about it.

14 Q Now turning your attention to the events surround-
15 ing, first of all, the shipment of Hawk missiles in
16 November of 1985, and then as it related to the Attorney
17 General's investigation beginning the third week in November,
18 why don't you start out and tell us what your understanding
19 was in November of 1985 regarding the shipment, the
20 Israeli shipment to Iran to begin with, and as your
21 knowledge evolved about the shipment.

22 A Well, I think I testified to it and I don't know
23 of anything new that has come to my mind, but in sum, this
24 was a matter that I learned of while in the course of the
25 summit meetings in Geneva. There hadn't been any forewarning

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1 from Israel to me or to the staff that I know of, of an
2 intention to do this before we left for Geneva, and I had
3 had a meeting from or a visit from the Israeli Defense
4 Minister Rabin at the time, who came in on November 15th
5 to see me, and I think that his purpose was basically to
6 reconfirm for his government that the U.S. Government still
7 agreed with their negotiating the sale of Israeli weapons
8 and being able to come to the U.S. if they did to replenish
9 them.

10 And he came to my office for a very short time,
11 10 minutes, and asked about that. I think personally that
12 he had some misgivings about continuing to go on with
13 it. I told him I had some myself, but that it was the
14 President's policy to continue to authorize them to do so.
15 And he left and the next morning I went on to Geneva with
16 the President.

17 MR. GARMENT: Do you mind if I have the record
18 show that since he previously testified on the matter we
19 have undertaken, both discussed the matter with Mr. McFarlane
20 and others who have provided independent information that
21 results in some small, but nevertheless significant changes
22 in the focus of his recollection -- that had been discussed
23 with you previously and with Mr. McFarlane, and are contained
24 in certain notes which we furnished you and which we would
25 appreciate having made part of the record.

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1 MR. LEON: Do you have those notes with you?

2 MR. GARMENT: Do it any way you want, either now or
3 at the end of the testimony.

4 MR. MORGAN: What Mr. Garment is referring to,
5 the first document is entitled, "Background to Events of
6 November and December 1985 Relating to Robert McFarlane."
7 This was prepared by our office in consultation with Mr.
8 McFarlane. Since he last testified, we have gone back
9 through the records and in detail, it has some details that
10 we didn't have before, for example, the duration of the
11 meeting with Mr. Kimche and Mr. Rabin and so forth.

12 MR. LEON: Do you have a date when that was
13 prepared, Peter?

14 MR. MORGAN: Today.

15 MS. NAUGHTON: If we can make this exhibit next
16 in order, I believe 5 or 6.

17 (The document referred to was marked for
18 identification as McFarlane Exhibit 5.)

19 MR. LEON: I would move the admission of the
20 document that Mr. McFarlane was questioned about, the
21 prof note, even though Ms. Naughton doesn't have an extra
22 copy with her. I would suggest that she make an extra copy
23 and I will have it delivered to the reporter's office, but
24 that it be deemed to be Exhibit 5 and that this exhibit here
25 be deemed to be Exhibit 6.

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1 MS. NAUGHTON: Fine, if Mr. Leon will take it upon
2 himself to do that.

3 MR. LEON: Absolutely.

4 (The document referred to was marked for
5 identification as McFarlane Exhibit 6.)

6 MS. NAUGHTON: I don't want to go into all the
7 details on the November shipment. If you wish to elaborate
8 or correct anything, please do. As to the replenishment,
9 had you or Colonel North or anyone at the NSC checked with
10 the Department of Defense regarding the possibility of
11 replenishment and what that procedure would entail?

12 THE WITNESS: I had not and I didn't task anyone
13 else on my staff to do so. Since testifying, I have
14 learned that others have confirmed that the Defense
15 Department was tasked to identify how quickly and at what
16 cost Hawks could be replenished to Israel. But I am
17 afraid I do not know who tasked them for what the result
18 was.

19 BY MS. NAUGHTON:

20 Q What was your understanding, then, when you
21 spoke to the Israelis about replenishment -- what was
22 your understanding regarding the ease with which this could
23 be done or the difficulty that that would present? Did
24 you have any sense of what it would take to replenish those?

25 MR. MORGAN: You are talking about replenishment

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1 MS. NAUGHTON: Yes.

2 THE WITNESS: Well, I didn't have any idea. As I
3 recall, the only time to me that I got into a discussion
4 on replenishment occurred back in August when Mr. Kimche
5 came from Israel, and we talked about how Israel might make
6 the sales instead of the U.S., because I had conveyed to
7 him that the President had disapproved our selling arms
8 to the Iranians directly, and he said, well, he believed
9 that his government could do it, but that the key concern
10 for them would be being able to buy replacements.

11 And he said that he believed that it would have to
12 be on a pretty timely basis, soon, not a matter of years,
13 for example, and I said at the time, well, it seems to me
14 that what you ought to do, though, is to send in, to find a
15 way for you all to request as part of your annual request,
16 whatever additional arms you may need so that it won't
17 stand out as something that is unusual.

18 And he said, well, yes, that makes sense. And I
19 put it out of my mind at that time and expected that
20 probably they would be coming in with an expanded request
21 for in this case TOWs in December, which was the normal time
22 for Israeli submission to come in.

23 In fact right now, at this very day, Defense
24 Minister Rabin is here in town doing that very thing. He
25 actually is following up on what he asked for this past

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1 MS. NAUGHTON: Did you hear anymore about this in
2 terms of the mechanics of ordering the replacements?

3 THE WITNESS: I never did, no.

4 BY MS. NAUGHTON:

5 Q Did you ever have any conversations with Secretary
6 Weinberger about the issue of replenishment?

7 A Well, I expect there were conversations at the
8 outset back in August just confirming for him when the
9 President made the decision that, yes, replenishment was
10 authorized. At the time of the transaction in November, I
11 don't remember any. At the same time I did have a habit
12 each day in the context of the summit of calling
13 Secretary Weinberger at the end of each day and reporting
14 to him here is what Gorbachev talked about, and going
15 through the record of the talks -- and I am kind of drawing
16 this from logic -- because I had learned about this
17 Israeli sale while in Geneva. It is likely that I passed
18 that along, too, but I have no concrete recollection of it.

19 Q Getting back specifically to the November shipment,
20 as of November 15th, did you know that the Israelis were
21 planning on a shipment?

22 A No.

23 Q When is the first you learned of the shipment?

24 A Well, again, it is based on what I think is likely,
25 and that is that because the Defense Minister didn't

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1 mention it to me, and Mr. Kimche had not mentioned it to me,
2 there was no other communication to me from Israel, it is
3 likely that after he called, he, the Defense Minister,
4 called me from New York on Sunday or Monday; that he
5 said there was a problem.

6 He didn't mention any arms or weapons, and I
7 passed the problem on to Admiral Poindexter and to Colonel
8 North by phone asking that they be in touch with Defense
9 Minister Rabin in New York, and help solve the problem,
10 whatever it was.

11 Well, finally to answer your question, I think that
12 having contacted Rabin, North then reported back to me
13 again Monday or Tuesday, and told me what the nature of the
14 problem was; that Israel was indeed transferring Hawks.
15 So it is probably Monday the 18th of November when I first
16 learned of it. And I passed that along to the Secretary of
17 State and to the President.

18 Q Did Colonel North tell you how many Hawks
19 were being shipped?

20 A Well, I have a faint memory of the number 80 and 81.
21 And I am not sure which one it was. I have learned since
22 from the Tower Report, I believe, that actually 18 were
23 sent, but I don't know if I knew that at the time.

24 Q You said that you then passed this information
25 on to whom?

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1 A To the President and to the Secretary of State.

2 Q And did you tell the President that they were
3 Hawk missiles that were being shipped?

4 A Yes.

5 Q Did he have any reaction to that?

6 A Oh, I believe that he was hopeful as he always
7 was that this would lead to the release of hostages.

8 Q And did you explain to the President that they
9 were coming from Israeli stocks?

10 A I don't know. I doubt it. This was something
11 I would have covered in a matter of seconds and gone on to
12 summit agenda.

13 Q And you also informed Secretary Shultz of this?

14 A Yes, I did.

15 Q Do you recall what his reaction was?

16 A Well, I don't know. I am prodded, I guess, by
17 having read what his purported reaction was in his own
18 notes, and I don't have any memory of that either, but I
19 take it that he, as recorded, that he was dismayed at
20 learning about it so late, although he certainly knew about
21 it as soon as I did.

22 Q But here and now on your own accord you can't
23 recall his reaction?

24 A No.

25 Q When you informed Secretary Shultz, was he alone

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1 or in the company of anyone else?

2 A He was alone. I believe that I went to his hotel
3 suite and we went into the private office, and we were alone.

4 Q Did he take notes of your conversation?

5 A I don't remember him ever taking notes of our
6 conversations, but I was aware that his habit was to tell his
7 assistant, Charlie Hill, about whatever he had discussed
8 so as to take any follow-up action that might be necessary.

9 Q Did you take any notes of either what Colonel
10 North had told you or of your briefing sessions with the
11 President or with Secretary Shultz?

12 A No, I did not.

13 Q Moving, then, from that time frame to the third week
14 in November of 1986 --

15 A Would you mind if I just gratuitously added a
16 comment that I think seems to be important, but thus far is
17 not on the record?

18 Q Sure.

19 A I guess the issue here understandably is what did
20 I know and the extent to which it was an important matter of
21 consequence to me. This was a time after I had been
22 National Security Adviser for about two years, and from
23 the time I entered the job it seemed to me that there might
24 still be an opportunity to do one or two significant things
25 in foreign affairs, and for me talking with the President
and the Secretary of State, it became clear that that was to

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1 try to forge some framework for doing business with the
2 Soviet Union. And working with the President and the
3 Secretary, we laid out a strategy of how to do that. And
4 the opening part of it was the President's speech in
5 January '84, which is rather remarkably different from the
6 tone he had had for the Russians in the past. I don't
7 say this to bore you, but the point was we began a train
8 of events that were very purposeful and designed to engage
9 the Russians in a discussion along the whole spectrum
10 to arms control, trade and cultural matters, et cetera.

11 It played out in the course of '84 and in '85
12 with the change in Soviet leadership for the third time in
13 a four-year period we got a rather significant change in
14 their side of things when Ghorbechev, on April 1st, committed
15 to come to a meeting in Geneva in the fall and that
16 absorbed, from that moment on, all of our attention.

17 I say virtually all of our attention. That isn't
18 to say anything else didn't come up, it did, the hijacking.
19 But the President's agenda and mine was very much oriented
20 toward doing everything we could with the three con-
21 stituencies you must muster whenever you undertake a big
22 initiative -- Congress, the American people and the allies,
23 understand what you want and to support it. Because the
24 important part of going to a summit is to arrive there with
25 the adversaries seeing that you are supported by allies,

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1 your body politic and the U.S. Congress. So you develop
2 a strategy for laying out your agenda in speeches, in
3 meetings with the leadership of Congress, in visits to
4 the United Nations, in a dozen ways, and in your travel and
5 so forth.

6 This is what we were doing in the summer of '85 and
7 in the fall. It picked up in the fall because you began
8 to get into the concrete business of what change will we
9 make in our arms control position, what kinds of resolution
10 of boundary disputes and other things that you can sign at
11 the summit to demonstrate progress.

12 The Foreign Ministers began to get together and
13 their Foreign Minister came to our country and you must
14 prepare quite a lot for these things. September was the time
15 of the Foreign Minister Shevardnadze's visit, and between
16 that time and eight weeks later when we arrived in Geneva
17 the President made four major speeches to give an explana-
18 tion to the Americans about four objectives he had for the
19 summit, arms control, regional disagreements like Afghanistan,
20 human rights and the bilateral agenda.

21 One of these was given at the United Nations,
22 and that included visits with 37 heads of State and you had to
23 prepare for those, too. Then I went to Moscow with the
24 Secretary of State to try to shave some of the disagreements
25 off in a few of the problem areas for five days, and then

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1 would spend probably half of my time on a given day in
2 background sessions with the press, calling in journalists
3 and telling them here is what we are trying to do and to get
4 their expectations not over-inflated, but conscious of what
5 might be feasible.

6 And then the Achille Lauro was seized. We
7 didn't plan that, but it took some time. My point in
8 this rhetoric is not to try to give you some sense of
9 grand strategy, it is to say I didn't give a damn about
10 this thing. This was not important. This was not
11 going to lend one whit to whether the President of the U.S.
12 succeeded in his central responsibility in bringing stability
13 to East/West relations.

14 I should have, I think. I think if you had been
15 more on top of these things then it wouldn't have gotten
16 off course, but if someone had come in and told me on
17 November 15th they are going to ship Hawk missiles, I would
18 have said, "I am late for a backgrounder." This wouldn't
19 have been something of great consequence to me, and it
20 wasn't.

21 The other point I would make that is kind of
22 gratuitous is that things were working well, and I could
23 see that I was going to leave the government and the
24 President would have achieved something worthwhile. But
25 I was going to leave and was pleased to leave because what

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1 it had taken to get this community of people into this
2 summit was an enormous task and the prospect of having to work
3 under these conditions with a Cabinet that was in very sharp
4 disagreement was intolerable. So I decided to leave the
5 government.

6 Part of that decision, too, was wanting to clean
7 up some loose ends and this was one of the loose ends.
8 There was -- and we will perhaps get later to the London
9 meeting where I thought I had closed it down. But in
10 the period in question, November 15 to December the second,
11 I was in Washington D.C. for a total period of perhaps
12 six hours, and otherwise with the President in Geneva or
13 in California and out of communication with my colleagues
14 and staff, and pleased to be so.

15 BY MS. NAUGHTON:

16 Q Mr. McFarlane, I understand what you are telling
17 us and I appreciate your comments. Please, I want you to know
18 what we wanted to do today is simply to piece the puzzle
19 together in terms of the facts that you know. We are not in
20 any way trying to prove what you knew or when you knew it.

21 I am trying to piece the puzzle together in front
22 of us.

23 I want to move then to November of 1986, and let's
24 take it from approximately -- let's take it from November
25 7th actually. I noticed in the chronology that you and your

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1 attorneys have prepared, and perhaps we should mark this as an
2 exhibit now -- if this could be marked the exhibit next
3 in order, it is entitled, "Overview of Events of November 3
4 through 21."

5 MR. GARMENT: Prepared by Mr. McFarlane's counsel.

6 (The document referred to was marked for
7 identification as McFarlane Exhibit 7.)

8 MS. NAUGHTON: Since we have made this an
9 exhibit, Mr. McFarlane, I don't want to go through it.
10 Again, if there are any comments you want to make as
11 we skip over things, please feel free to do so.

12 BY MS. NAUGHTON:

13 Q When were you first made aware that the Department
14 of Justice was now looking into the legality surrounding
15 the Iranian arms sale?

16 A I think it was when I was called by the Attorney
17 General on the 21st of November. And he told me that --
18 he said he had been asked by the President to put together an
19 accurate record of events, and he would like to talk to me.

20 Q If I can back up to that point, prior to
21 January of 1986, did you discuss any of the Iranian
22 initiative with the Attorney General or was he present at
23 any meetings in which either the August shipment or the
24 November '98 shipment was discussed?

25 A I don't think he was, no.

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1 Q Do you ever recall discussing with him prior to
2 November of 1986 the legalities surrounding the pre-finding
3 shipments; that is, the 1985 shipments?

4 A No, I don't think he was party to any of the 1985
5 meetings, to my knowledge.

6 Q Was there ever any discussion of perhaps running
7 this by the Attorney General prior to January of 1986 to
8 look into the legalities of it?

9 A Well, the legal considerations were discussed at
10 considerable length actually in the meetings held by the
11 President with the Secretary of State and Defense and the
12 Director of Central Intelligence, where the Secretary of
13 Defense made a very vigorous statement about -- of
14 opposition based on legal considerations, and as I recall,
15 he did mention the Arms Export Control Act, and reporting
16 requirements under it to the Congress, and while he was not
17 certain of the concrete elements of law, he believed that
18 it was an important consideration.

19 And the Secretary of State echoed his concerns.
20 The Director of Central Intelligence said that, well, if
21 the President decides that he wants to undertake this kind
22 of covert action, let's remember two things. First of all
23 that it isn't the U.S. Government that is acting here. It
24 is our support of an Israeli action, and it is Israel that
25 is undertaking the actions.

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1 He also said as a separate matter, if the
2 President determines that this is his policy and it is
3 a covert action, according to the '47 Act, that it was his
4 opinion, as I recall, that he could -- he had the authority
5 in law to do that. That doesn't really answer your question,
6 but that is the extent of conversations on the legal
7 aspects of this.

8 Q There are really two things involved, and I gather
9 that you saw Mr. Cooper's testimony publicly?

10 A Yes, I saw the record.

11 Q So hopefully we can short-cut some of this.
12 There are two statutes we discussed in that testimony.
13 One is arms export control, which would apply to Israeli
14 shipments if they were U.S. weapons. The other is the
15 issue of a covert action under the National Security Act.

16 A Yes.

17 Q From what you have described, it sounds like Mr.
18 Casey was talking about the National Security Act.

19 A Yes.

20 Q Therefore, was it discussed then prior to January
21 of 1986 that that needed a finding?

22 A Only in the terms that I have mentioned here, that
23 the Director said if the President determines or finds that
24 this is what he wants to do, then that can overcome the --
25 he thought -- the other restrictions of law. But it was

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1 never translated to a written finding, nor was the
2 Attorney General brought in to examine whether the DCI was
3 right or wrong.

4 Q Did Mr. Casey ever mention whether or not he had
5 run this by Attorney General Meese?

6 A If he did, I don't know about it.

7 Q Was this discussion that you have just related,
8 was that before the November Hawk shipment or after?

9 A Before.

10 Q Let's go then to the 21st of November. When the
11 Attorney General called you, what did he say to the best
12 of your recollection?

13 A He said that the President had directed him to put
14 together an accurate record of events and he would like to
15 start right away, and could I come to his office. And I
16 said I could, and I went directly from my home there, I
17 think, arriving mid afternoon, 3 o'clock, and met in his
18 private office with himself and Mr. Cooper, who took notes,
19 and the Attorney General posed questions for about two
20 hours, I would guess, on the Iranian initiative.

21 At the time he didn't raise any questions about
22 contra support. That had not at that point become an issue.

23 Q When the Attorney General spoke to you on the
24 telephone to set up the meeting, did he discuss with you
25 the discrepancy in the drafting session of Mr. Casey's

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1 testimony? In other words, did he say that there was
2 a discrepancy as to who in the government knew it was
3 Hawks in the November '85 shipment?

4 A No, he did not. I was not aware there had been a
5 meeting about Mr. Casey's testimony.

6 Q Did you find that at all unusual that the Attorney
7 General would have been involved in this, in the fact-
8 finding?

9 A I suppose not. Ed Meese is beyond being Attorney
10 General, probably the President's closest counselor, and
11 I would think it quite natural, actually.

12 Q By the way, for the record, Mr. Cooper testified
13 that there occurred in the afternoon of November 20th
14 a session in Mr. Poindexter's office with Mr. Casey and
15 Oliver North and Mr. Cooper and the Attorney General,
16 in which Oliver North inserted the statement no one in the
17 U.S. Government knew they were Hawks until January of '86.

18 You were not at that meeting; is that correct?

19 A I was not.

20 Q Were you aware prior to the weekend of November 21st
21 that Colonel North was making that assertion in Mr. Casey's
22 testimony before Congress?

23 o I was not, but I should say that my only exposure
24 to these accounts or chronologies that were prepared was
25 on November 18th, when I went to Colonel North's office

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1 at Admiral Poindexter's request, and in the course of
2 about three hours there I worked on two things. One was the
3 President's opening statement that they were going to use
4 at a press conference the next night, and spent most of my
5 time on that. And then I got up to leave and Colonel North
6 said, "Can you help us on the chronology," and there were
7 many pieces of paper on the table, and a couple of versions
8 of a chronology of events thereto, and he and I standing
9 there began to go through the chronology, and I picked out
10 right away two or three things that I thought were erroneous
11 and occasionally he pointed something out, and he said --
12 he thought this was wrong, too.

13 He asked me because he hadn't been the action
14 officer, and I didn't recall, and I offered my own version.
15 We came to the page of the master chronology that I think
16 the CIA prepared, to the part where the November shipment
17 had taken place, and he said concerning this shipment,
18 as far as I knew -- I, North, in the beginning it was oil
19 drilling parts or oil equipment. And I said, "Frankly,
20 the shipment entirely doesn't ring any bells with me, but
21 what are you talking about?"

22 He said, "Well, this is a shipment that Israel
23 made through [REDACTED] and we called you in Geneva to get
24 you to make a call to [REDACTED] authorities to help get
25 it released through [REDACTED] Airport." North said,

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1 "I thought in the beginning that it was oil drilling
2 equipment, but later on found out that it was Hawk
3 missiles and in fact Iran returned them to Israel because
4 they were not what they wanted."

5 In going through this together, the two of us,
6 I was making a notation in the margin, and finally sat down
7 to write for Admiral Poindexter an account of what I could
8 of the most egregious problems that I saw with it -- I
9 think that is in the record some place -- regarding how to
10 portray the November shipment. As I say, it, to me, was a
11 matter that I just didn't recall when I first wrote
12 Admiral Poindexter on November 7th. I gave what was a
13 summary version of what I remembered of what the whole
14 thing was, and I didn't mention anything about it because I
15 didn't recall it.

16 On the 18th Colonel North was telling me, "Well,
17 this is a matter that involved oil drilling equipment."
18 Well, that wasn't, to me, familiar in terms of a year before,
19 but the whole event was rather remote in my mind, and I
20 wasn't willing to write down there that according to him
21 the shipment had been oil drilling equipment, because I
22 really didn't buy that.

23 So I wrote in my version that it was equipment,
24 equipment -- arms I had used interchangeably in other
25 correspondence before, but I wrote down that in November

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1 a shipment of equipment took place which was ultimately
2 returned to Israel and didn't give it any other thought.
3 I left town the next morning to go down to our cabin in
4 Virginia to spend time working on some new policy ideas that
5 Admiral Poindexter asked me to develop that the President
6 could perhaps undertake some new ideas and have it in the
7 agenda out front, but I didn't know about this meeting
8 that was to be held about Director Casey's testimony.
9 That is not surprising. I was not in government.

10 Q. When was it finally, then, that you were called
11 that you knew in November that it was Hawks?

12 A Well, I should say that when Ollie told me these
13 things, he said -- I, North, thought it was originally oil
14 parts, and I, North, didn't learn until January, I think,
15 he said that it was Hawks.

16 As I say, I didn't remember it in any fashion and
17 when I got to the Attorney General's office, I did go through
18 the whole thing. I didn't mention the entire episode because
19 it had not made an impression on me, but he raised it and
20 I said, well, as I recall -- I recalled for him what
21 Colonel North had told me was his own recollection, because
22 I hadn't been in Washington. I went from Geneva to London
23 to San Francisco, and I said apparently we didn't learn about
24 it being Hawks until the following year.

25 For me that wouldn't have been until May, because

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1 I wasn't involved with the Government on any particular
2 mission until May. That was by logic or kind of deduction
3 on my part, but not based upon recollection, because I
4 still didn't recall.

5 Q If I can back up for a minute, in November of
6 '85, when you informed the President and Secretary Shultz,
7 when you informed the President, was anyone with him?

8 A Probably Mr. Regan, I think, because he was always
9 with the President whenever I was.

10 Q Do you recall any response that Mr. Regan might have
11 made?

12 A I don't, no.
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#2 1 MR. GARMENT: Could you go back before that
CAS-1 2 interjection took place about 1985, where Mr. McFarlane
3 testified about 1986?

4 (Whereupon, the reporter read the record.)

5 THE WITNESS: But I was prompted by the Attorney
6 General and he said at that time George Shultz believes that
7 you told him about it in Geneva in November of 1985. I said
8 if the Secretary of State said that, I am sure he is right,
9 but I simply don't remember, but I agree that he is probably
10 right.

11 BY MS. NAUGHTON:

12 Q You no doubt have heard Mr. Cooper's testimony
13 and seen, I believe, his notes of your interview?

14 A Yes.

15 Q In your exhibit book, which does not state that.
16 Is his recollection then incorrect?

17 MR. MORGAN: Excuse me. I don't think that is
18 correct. You are saying that Cooper's notes don't
19 reflect that Mr. McFarlane had a conversation with the
20 Attorney General about Mr. Shultz?

21 MS. NAUGHTON: The sum and substance of
22 Mr. Cooper's testimony is that Mr. McFarlane, his response to
23 the November 1985 question was that he first learned of it in
24 the spring of 1986.

25 THE WITNESS: Then he goes on to say that, I believe

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CAS-2 1 the Secretary of State made a note to the effect that you
2 talked to him about the Hawk shipment in November of 1985,
3 and I said I am sure he is right.

4 MR. LEON: Is that the third page of the notes?

5 MR. GARMENT: The third page of the notes -- the
6 fourth page of the notes.

7 MS. NAUGHTON: The number on the top right-hand
8 corner of the page is 3096.

9 BY MS. NAUGHTON:

10 Q Mr. McFarlane, that reads "McFarlane didn't
11 know...", if you could read that into the record and tell
12 me if that comports with your recollection.

13 A Mr. Cooper's notes attributes to me that I didn't
14 know that this (Hawk shipment) involved procuring a
15 plane; doesn't remember chat with G.S., George Shultz, but
16 probably had one.

17 Q Now, that comports then with your recollection?

18 A Yes, it does.

19 MR. GARMENT: You might describe the next event
20 was an effort to confirm this information.

21 MS. NAUGHTON: We will get to that.

22 MR. GARMENT: Okay. Fine.

23 BY MS. NAUGHTON:

24 Q When did you first learn that Secretary of State
25 Shultz had notes taken of your conversation in November of

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CAS-3 1 1985?

2 A I think when the Attorney General told me.

3 Q And when was that?

4 A In that session.

5 Q Now, was this at the end of the session when

6 Mr. Cooper had left the room or was it when Mr. Cooper was
7 present?8 A I think it must have been when Mr. Cooper was
9 present, because he has an abbreviated account of it here.

10 Q If you could point that out.

11 A At the part in the notes that I have just read into
12 the record, it deals with this matter of my having talked
13 to the Secretary of State in response to Mr. Meese's
14 question.15 Q Well, I understand that, but my particular question
16 concerns the notes that ultimately Mr. Hill wrote for
17 Secretary of State Shultz. When did you learn that there was
18 an actual note reflecting your conversation in November of
19 1985?20 A I understand. I believe that the question from
21 the Attorney General, which prompted this answer, was,
22 Bud, we understand that the Secretary of State has
23 contemporaneous notes that include that you, McFarlane,
24 told him about the Hawks in November of 1985. And I
25 answered, part of which is in Mr. Cooper's notes here, I am~~UNCLASSIFIED~~
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CAS-4 1 sure he is correct. I don't remember it, but I am sure he is
2 right.

3 Q Was this the first you had heard then that there
4 were notes of that conversation?

5 A Yes, it is.

6 Q The evening prior to that, on the 20th, Mr. Cooper
7 testified publicly that many calls were made in trying to
8 straighten out this discrepancy. He called Paul Thompson,
9 he talked to Admiral Poindexter, who supposedly got in
10 touch with Colonel North, who supposedly got in touch with
11 you.

12 Were you called by anybody on November 20, 1986
13 regarding this issue?

14 A I don't recall that I was called by anybody.

15 MR. MORGAN: My understanding is that Mr. Cooper
16 said that he had contacted Mr. Poindexter and Mr. Poindexter --
17 he heard that Mr. Poindexter could not get Mr. McFarlane but
18 that he contacted Thompson or supposedly contacted North who
19 may or may not have contacted McFarlane.

20 MS. NAUGHTON: That is not the sequence, though.

21 MR. GARMENT: The answer will cover any version.

22 BY MS. NAUGHTON:

23 Q You did not hear from anyone on November 20 in the
24 United States Government regarding this issue?

25 A I don't believe I did. I say that because I was

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CAS-5 1 out of the city, but my secretary kept very good records of who
2 called my office trying to reach me and so forth. I don't
3 have any personal recollection of receiving any calls from
4 Colonel North while I was at the cabin in New Market. I came
5 back on the 20th. However at about this time, about four
6 o'clock, I drove for two hours and got back to my home at
7 6:30, and had to be at a speech in Gaithersburg that an old
8 friend had asked me to give at 6:30, so I was hustling
9 and got there late.

10 I don't believe I got calls from anybody. My wife
11 would have told me if Ollie or anyone had called and she
12 didn't. I don't believe anybody tried to reach me about this.

13 Q During the session with the Attorney General while
14 Mr. Cooper was present, did you discuss with the Attorney
15 General or Mr. Cooper the status of a finding, whether there
16 could be an oral finding or a mental finding -- did that issue
17 arise in Mr. Cooper's presence?

18 A No.

19 Q By the way, is there anything in Mr. Cooper's
20 notes, now that you have been able to review them, that does
21 not comport with your recollection of what you told him?

22 A They are very cryptic. They don't give the full
23 flavor of what was discussed in any respect. For example,
24 in the portion I have read into the record, it doesn't
25 reflect that I certainly acknowledged that I was confident

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CAS-6 1 the Secretary of State was right, and that is clear. Nor
2 does it talk about whether I talked about Hawks with the
3 Secretary of State, and I did.

4 MR. GARMENT: If I may interject, there is an
5 example of that on the second page of the exhibit which is
6 more than cryptic, it is incomplete and if it were complete,
7 it would be of some relevance because it says McFarlane
8 acknowledged that Israel would later be able -- blank. If
9 only he had finished that, because I am sure it says
10 "replenish", an issue which has haunted everybody from the
11 very start.

12 That is anything but a complete set of notes.

13 BY MS. NAUGHTON:

14 Q You have just mentioned that you did speak with the
15 Secretary of Defense regarding Hawks. Could you elaborate
16 on that?

17 A Well, I said it is very possible. I spoke to
18 the Secretary of Defense at the end of each day's sessions
19 in Geneva, and it was just a kind of a habit of keeping him
20 informed of what the President had said and done and whatever
21 had occurred in national security affairs that day. And so
22 I don't have a specific recollection of saying, Cap,
23 this is new information on the Israeli/Iran connection or
24 anything like that, but as I had earlier in the day with
25 Secretary Shultz, I am sure I would.

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CAS-7 1 It is a matter of deducing it by logic with the
2 Secretary of Defense. I don't personally recall it, but I
3 imagine I did.

4 Q In November of 1985, were you told by Colonel
5 North or anyone else that the CIA was going to be involved in
6 this shipment?

7 A Never.

8 Q When did you first learn of the CIA involvement?

9 A I think that it was likely when I reached
10 California or when I arrived back in Washington and that it
11 was from Admiral Poindexter, and if I had to guess, I would
12 say it was on a secured telephone in California, because my
13 habit was to call him each morning and talk about what is
14 going on today and what is new and so forth, and I have a
15 very faint recollection that at some point while out there
16 over the Thanksgiving holiday he called and said that the
17 CIA, who Ollie had had to get involved in resolving this
18 shipment while you were in Geneva -- his concern about having
19 had to play a role in this with no authority.

20 And he said don't worry about it, I will straighten
21 it out or something like that. But I recall when I got
22 back that -- frankly, I was delighted to put it out of my
23 mind -- but I got back to Washington and I didn't ask it
24 but I think he told me, he would come into my office each
25 morning and explain what was going on. Bear in mind, I had

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AS-8 1 told him that I was going to resign when it came back and
2 that dominated most of our conversations but I think he made
3 another passing reference once I was back in Washington, the
4 third or fourth of December, to the effect that CIA is still
5 upset about having been brought into this Iranian connection.

6 I do not recall ever having seen any finding nor
7 being alerted to interest in there being one.

8 Q So you did not see the November 1985 finding
9 prepared by Judge Sporkin?

10 A I don't think so.

11 Q Jumping back now again to November of 1986, after
12 the interview portion was over and Mr. Cooper had left, you
13 had a short discussion with the Attorney General; is that
14 correct?

15 A Yes.

16 Q What was your purpose in going back to speak to the
17 Attorney General?

18 A Well, perhaps it was just the accumulated impression
19 that, sitting in the office of the chief law enforcement
20 officer for two hours brings to one, but I had in the speech
21 out in Gaithersburg the night before taken a public position
22 that whatever mistakes were made were my own, that I had
23 given the Attorney General the same account basically that I
24 had given in public, and that is is that here are the
25 President's motives, why he did it and it was a mistake and

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CAS-9 1 it was bad judgment.

2 I wanted him to make sure, however, that since this
3 was different, this was someone not dealing in a political
4 matter, it was clear that here was a law enforcement matter,
5 the Attorney General had to know what the truth of the
6 matter was.

7 And so when the Secretary came in and said that my
8 wife had called and he said, fine, use my office, and
9 Mr. Cooper went out then, I said to him, wait a minute,
10 Ed, and he came back inside a couple of steps.

11 I said to him I think you know that I feel
12 like I am responsible and I am willing to take all of this on
13 my shoulders that is feasible, but I want you to know that the
14 President was foursquare behind this from the very beginning.

15 There was never a moment's hesitation. He
16 approved this the first time I pitched it to him. It was
17 all right with him whatever the Israelis wanted to do.

18 He said I know that, Bud, I know very well how he
19 feels about the hostages and, in fact, I am glad you told me
20 that because from his legal points of view he is better off
21 the sooner that he made the decision to authorize these
22 sales, because that justifies all of the acts which followed
23 it.

24 That didn't make much of an impression on me at
25 the time, but then he said that this is a determination that

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CAS-10 1 was made by my predecessor, and I said, well -- Attorney
2 General Smith -- and I said, well, I don't take any particular
3 points from that, but it is important that you know it. And
4 he said, fine, thank you.

5 And he left and I called home and that was the
6 extent of it.

7 Q Did you tell the Attorney General either while
8 Mr. Cooper was there or later on regarding the diversion of
9 some of those funds to the contras?

10 A No, I did not.

11 Q Is there a reason why you did not?

12 A Well, I think looking back that I probably should
13 have, but I had been sitting responding to his questions
14 there, and he was in charge, and he had, I guess, deliberately
15 oriented all of his questions toward Iran because that was
16 the subject of the issue, and neither I nor as far as I knew
17 anybody else had raised the matter of support for the
18 contras at all since May of that year.

19 So to have raised it, it would have been to hark
20 back to having learned something four or five months before-
21 hand.

22 In short, he didn't mention it and it didn't occur
23 to me to mention it.

24 Q Did Colonel North ever tell you prior to November
25 23rd of 1986 that the Attorney General had ever told him or

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CAS-11 1 suggested to him that he should obtain counsel?

2 A Earlier today we were talking about what I called
3 him about or what I said in that conversation --

4 Q On November 21st?

5 A On November 21st, yes, and it occurs to me that he
6 probably commented to me, after I had given him a short
7 summary of the fact that I had laid out my recollections
8 about the Iranian initiative, he said, well, I have been
9 urged to get counsel, and he said one of my friends inside
10 the -- I don't know what he called it. I had the impression
11 he was talking about the Bureau -- told me that my phones
12 are likely to be surveilled.

13 I think he said, and maybe yours. And then that
14 was it.

15 Q When he said he had been urged to get counsel, did
16 he say who had urged him?

17 A If he did I don't remember who.

18 Q Did he ever mention to you during this time frame
19 that the Attorney General had told him there was a problem
20 with the Hawk shipment, the 1985 Hawk shipment?

21 A I don't think so.

22 Q Did Colonel North mention to you on the 21st when
23 you called him -- did he mention that he already knew of the
24 Attorney General's investigation or inquiry that had begun
25 or was this news to him, you were calling him something new?

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CAS-12 1 A I don't think he mentioned whether it was news or
2 whether he knew about it. I had seen him earlier that day at
3 Mr. Ledeen's house and had driven him back downtown and
4 dropped him off, but I don't think he mentioned any
5 awareness of any efforts by the Attorney General's inquiry
6 then either.

7 Q When did you see him when you dropped him off that
8 day on the 21st?

9 A It must have been at about noon on the 21st.

10 Q Is this when he mentioned to you any intention of
11 altering or shredding some documents?

12 A Well, in my own testimony I think that I said that
13 in driving downtown that four or five things were mentioned,
14 his suspicion that Mr. Ledeen had made some monetary gain
15 from all these things and then we talked about family,
16 and I think I said, and I think it now, that either then
17 or in my office on Sunday he said that I am going to have
18 to have a shredding party.

19 It could very well have been in that car ride going
20 downtown. Whenever he mentioned it, my own answer, assuming
21 that his point was to say that I am going to make sure that you
22 McFarlane, are never vulnerable in this situation, was simply
23 to say to him, listen, don't worry about me, tell the truth and
24 I will back you up.

25 Q Well, at this point -- excuse me -- go back. Do you

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CAS-13 1 recall what time of day you got the call from the Attorney
2 General to come over to his office?

3 A Well, I remember that I got the call from Ledeen
4 with the request to come to his house, I think, at eleven,
5 and that I was there at eleven, and Ledeen was there, and he
6 was babysitting the kids, and there was a lot of turmoil
7 and the dog got out and a repairman came to do something,
8 and he came back finally and put some water on for tea,
9 and North wasn't there.

10 He told me that he was coming or he, Ledeen, told
11 me North was coming and sat down in the den and said I am giving
12 you an account of how I recall my, Ledeen, role and he went on
13 with this and it may have taken 20 or 30 minutes. At the end
14 of it, I said that sounds to me like an accurate record
15 according to what I remember.

16 And North at that point came up in a taxi outside and
17 came on it, seemed a little bit pressed and he said I am sorry
18 I am late and I can't stay, words that that effect.

19 Michael, I do, however, need to arrange to meet you,
20 Ledeen, later on this afternoon, but I have got to go back
21 downtown now.

22 Bud, can you give me a ride? I wasn't going
23 downtown, but I agreed to do it because he looked like he was
24 in some distress. I left at that point.

25 He stayed with Ledeen and I went across the

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CAS-14 1 street, got my car, backed it around front, and after
2 five minutes North got in the car and we drove off down
3 Western Avenue.

4 He was kind of pensive for a while, and then made
5 this comment to the effect that he was afraid that Michael
6 may have made some money on this whole deal.

7 I said what do you mean by that, and then he
8 passed it off, and changed the subject and we talked about
9 children, a horse show, Tate, his daughter. At some point,
10 and I am inclined to think it was on that ride he said
11 I am going to have to have a shredding party this weekend.
12 I said, Ollie, don't do anything for me, tell the truth
13 and I will back you up.

14 I don't think he mentioned the Attorney General.

15 Q Did you get a call from the Attorney General prior
16 to this?

17 A No.

18 Q So you did not know that there was an inquiry
19 by the Attorney General when you drove in the car with
20 Colonel North?

21 A No.

22 Q When you said tell the truth --

23 A I told Admiral Poindexter, John, this is going
24 to result in a very careful, thorough congressional inquiry
25 into development of this and everything else and I told him

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AS-15 1 the same thing in notes in November periodically and there
2 was never any doubt in my mind that this had all the makings
3 of a very significant inquiry.

4 Q So you obviously in that ride in the car did not
5 tell Colonel North that you were going to speak to the Attorney
6 General, because you had not yet received a call from him?

7 A No, I had not.

8 Q When you finally called Colonel North after your
9 interview with the Attorney General, did he seem surprised
10 that you had been interviewed by the Attorney General?

11 A No. I had the impression that he was aware of that.
12 I don't know how.

13 Q Again, after your interview with the Attorney General,
14 I believe that you contacted the State Department to find out
15 if Secretary Shultz knew about the November shipment. Could
16 you tell us what you did?

17 A Yes. Judge Sofaer's comments reflect my call because
18 when I left I called his office and very straightforwardly
19 said, Judge, I have just come from an interview with the
20 Attorney General and I understand that the Secretary has
21 a record of events concerning the Iran initiative and I just
22 wanted to ask is it proper and authorized for me to have
23 access to those.

24 He said, well, I don't know, but I will be glad to
25 pass your request along.

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CAS-16 1 I said, fine, thanks very much, good-bye, and that
2 is all.

3 Q Did you try to talk to Secretary of State Shultz
4 directly?

5 A I don't know. If you had asked me, I wouldn't
6 remember calling anybody else either, but I have seen a record
7 someplace that I must have called Charlie Hill and put in the
8 same request and noted that I had called Judge Sofaer.

9 I don't think I heard back from either one.

10 Q Did you ever see the note?

11 A No, I haven't.

12 Q Is it in the Tower Report?

13 MR. LEON: There is a public exhibit, Mr. McFarlane,
14 when the transcript of Abe Sofaer's deposition was released
15 last Thursday, there were certain exhibits that he was
16 questioned about among which was a memorandum that Sofaer
17 wrote to the Secretary of State advising him not to contact
18 you.

19 MR. GARMENT: Were there notes involved, Shultz's
20 notes, or Charlie Hill's notes in Geneva?

21 MR. MORGAN: I don't think they are an exhibit to
22 that.

23 MR. GARMENT: There is such a document that you
24 people have.

25 MR. LEON: There is an exhibit in Cooper's testimony

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CAS-17 1 the Hill note with certain redactions, was produced as an
2 exhibit to the Hill testimony.

3 A portion of Hill's notes in which he recounts the
4 Secretary's recollection of his conversation with Hill.

5 MR. MORGAN: We haven't seen those.

6 (Discussion off the record.)

7 BY MS. NAUGHTON:

8 Q Did Colonel North tell you either in the car or when
9 you spoke to him from the pay phone after your interview with
10 the Attorney General that he had consulted with an attorney?

11 A I don't think so. I think the first time he mentioned
12 to me having engaged counsel was Sunday morning when he
13 called me at home asking that I meet with him and his counsel
14 that day.

15 Q Did Colonel North ever say during that weekened,
16 including Friday through Sunday, that he had been designated
17 the fall guy or a scapegoat, anything to that effect?

18 A I don't think he did. I think probably when he came
19 to my office on that Sunday morning he may have made a
20 passing reference to the fact that he was willing to take the
21 fall or be the responsible person about it, and I don't think
22 he ever implied that somebody else was intentionally making
23 him a fall guy for it.

24 Q When he mentioned that there would be -- that he
25 would have to have a shredding party, did he mention the kind

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CAS-18 1 of time frame he was dealing with? In other words, did he
2 mention I have X number of hours to do it or X number of
3 days to do it, anything like that?

4 A Well, I think he said I am going to have to have a
5 shredding party this weekend. That is as much as I remember
6 about it.

7 Q Now, on Saturday, the 22nd of November, did you
8 speak to anyone in the United States Government pertaining to
9 the topics we are discussing?

10 A , I don't think so.

11 Q So you didn't speak to Colonel North on Saturday
12 the 22nd?

13 A I don't think I did.

14 Q On Sunday morning then, you heard from Colonel
15 North?

16 A Yes.

17 Q Approximately what time was that?

18 A Well, I would guess about 9:15 because we were
19 getting ready to leave for church, and I was kind of pressed,
20 so I didn't stay on the phone long.

21 Q Did you agree to meet with Colonel North after
22 church?

23 A Yes. He asked when he get together and I said we
24 are going out the door but I suppose we could meet at noon in
25 my office. He had said, well, I don't know where, maybe in a

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CAS-19 1 hotel room someplace.

2 I said, come to my office at noon. He mentioned
3 that he was going to have his lawyer with him. I said,
4 fine, I will see you at noon.

5 So we went to church, came home and I went on downtown
6 and got there about noon and put some coffee on, nobody else
7 was there.

8 I called the security guard and told him to expect
9 North. I wasn't sure who his lawyer was, so I didn't give
10 him any name for him. And went on upstairs, put the coffee on
11 and was waiting for him. 12:30, half an hour later, he came
12 in and seemed a little harried as before.

13 Came into my inner office, and remained standing,
14 I think.

15 I remember standing there with him for five or
16 ten minutes. I said, hi, how are you, and pleasantries,
17 and then he said, well, it is not great, we are -- we have
18 gotten into an enormous problem here, and he said so far I
19 think everything is on track, but he said there is one
20 thing that is going to be a problem, and that is the shifting
21 the use, the channelling of some profits from the Iran money to
22 the contras.

23 And I said, well, that was approved, wasn't it?

24 He said, yes, you know I wouldn't do anything that
25 wasn't approved. I said, we will just lay it out and it will

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CAS-20 1 be all right.

2 And the only other thing he said was, I believe,
3 well, it is a matter of record. I put it in a memo to the
4 Admiral -- I thought he said in February or March -- but I
5 said, well, let it out. It isn't you, it is whoever approved
6 it.

7 Q Did he say who had approved it?

8 A No, he didn't.

9 Q Did he say how he knew that that would be a problem,
10 in other words, had anybody alerted him to that problem or
11 did he just --

12 A I think it was his own conclusion that he had drawn
13 on his own that surely using this money to use for another
14 program wasn't right. But I had -- I was surprised a little
15 at the time that -- well, more disappointed than surprised,
16 but it was clear that my own assumption that this had been a
17 coherent program really wasn't so.

18 But it was clear at that point because he said
19 that he thought it was going to be a problem. Well, at
20 about that time his lawyer came in and he introduced him
21 and we all sat down in my inner office, and Mr. --

22 MR. MORGAN: May I interrupt for a second?

23 I think you previously testified that you did have
24 one other conversation at the White House a few days before
25 that when you did mention diversion was a problem, I don't

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CAS-21 1 know what you used as the term for diversion, had discussed it
2 on one occasion at least as being a problem.

3 THE WITNESS: Where I raised it, this is either the
4 night of the 18th or when I went by to pick up a copy of the
5 opening statement on the 19th, I went to Admiral Poindexter's
6 office and broke in on a meeting that was breaking up on the
7 morning of the 19th, and the meeting had included Mr. Keil,
8 Admiral Poindexter's Deputy, Mr. Howard Teicher and
9 Colonel North, and I went in, everyone stood and started to
10 leave, and Colonel North made a comment to the effect that in
11 that session they were concluding that I think we have
12 everything tied up and I don't see any problems.

13 And gratuitously I said, well, I think you have a
14 problem on the channelling of money to contras. And
15 Colonel North kind of winced. He and Mr. Teicher
16 continued on out of the office, and Colonel North came back
17 in and said Howard doesn't know anything about that. And
18 I said to John and to Keil and to him that, well, don't
19 kid yourself, that is a problem.

20 BY MS. NAUGHTON:

21 Q But he didn't mention at the time he had memorialized
22 it in writing?

23 A No.

24 Q Did you assume then that Mr. Keil knew about it?

25 A Well, if he hadn't, he did then. I don't know.

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CAS-22 1 Q When Colonel North was in your office around 12:30
2 on Sunday, did he mention whether or not the Department of
3 Justice team was at the NSC the day before reviewing NSC
4 documents?

5 A I don't recall that he did, no.

6 Q Did he mention whether or not he had spoken to
7 Director Casey on Saturday or Sunday morning?

8 A No, I don't think so.

9 Q Did he discuss whether or not he had spoken to
10 Attorney General Meese on Saturday or early Sunday?

11 A No.

12 MR. GARMENT: Wasn't he going to see Meese that
13 afternoon?

14 THE WITNESS: Well, he was, but I am not sure he told
15 me that. The only other thing that I haven't already
16 recounted here in that meeting was that when his attorney
17 came in we all sat down. His attorney, Mr. Green, I think
18 by way of introduction, just kind of said autobiographical
19 things, that he had been Assistant U.S. Attorney and he had
20 been associated with I guess he said problems of this kind,
21 but that he went on to say that he had always found it best
22 in proceedings like this that you just simply told your
23 story truthfully and let the chips fall where they may or
24 something like that, which didn't make any particular
25 impression, and about that time General Secord or somebody

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AS-23 1 knocked at the door, it turned out to be General Secord,
2 I had not expected him, but by that time it was a quarter of one
3 or so, and I had made an appointment with a journalist for
4 one o'clock at the Jefferson, and I said that I had to leave
5 and I excused myself and left the three of them in my office
6 at about 12:45 on the 23rd.

7 When I reached the Jefferson I called back and reached
8 somebody, probably Mr. Green in my office, and asked him to
9 turn the coffee off if they left. It burns up.

10 BY MS. NAUGHTON:

11 Q Who did you understand Mr. Green to represent,
12 just Colonel North or did you understand him to represent
13 General Secord or anyone else, was that made clear to you?

14 A At the time I would say he was just Colonel North's
15 counsel. I really didn't stay long enough, however, to
16 learn what his relationship was, if any, to Mr. Secord.

17 Q Did Mr. Green tell you what he was doing there, what
18 the purpose of he and Colonel North and General Secord was
19 to meet?

20 A He didn't say anything about going, for example, to
21 the Attorney General that day or any other time. He said
22 that he was going to represent Ollie in proceedings or
23 whatever lies ahead. I didn't leave there knowing that he
24 was going anywhere, I don't think.

25 Q Did you know that Colonel North was going to speak

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S-24 1 to the Attorney General that afternoon?

2 A I don't think I did.

3 Q Did Mr. Green make any references to Albert Hakim
4 on Sunday?

5 A No, he didn't.

6 Q And Mr. Hakim was not part of that meeting, to your
7 knowledge, was he?

8 A He was never present when I was there.

9 Q Did Colonel North call you any time after his inter-
10 view with the Attorney General?

11 A I don't believe he did, no. The next time I talked
12 to Colonel North, I believe, was very late Tuesday night when
13 I was in London, but this was after everything had all changed
14 quite a lot.

15 Q Did he say whose idea it was or whose decision it
16 was to dismiss him from the National Security Council?

17 A Well, I learned that on Tuesday after it occurred.
18 Should I go beforehand through the Monday interview with the
19 A.G. --

20 Q Yes, why don't you?

21 A The next day ~~on~~ Monday, after this Sunday session
22 with North, I was at home preparing a speech on the computer
23 that I had to give the next day in London and I received a
24 call from my office, I think, that the Attorney General was
25 trying to reach me so I called him and he said that in the course

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CAS 5 1 of his interviews that he had turned up some other
2 details he would like to talk about and could I come down
3 right away and I did. I got there and he said that he had
4 learned that there had been a channelling of money from the
5 Iran funds that were paid to the contras and did I know about
6 that.

7 I said, yes, I did, that I had been told by
8 North in connection with a trip that I had made in May to
9 Iran, that they had applied or we had applied or the U.S.
10 Government had applied some of the monies to Central America,
11 and I recited for him this recollection.

12 I asked him, it was approved, wasn't it, when I
13 first heard it, and he said, yes, I wouldn't do anything that
14 wasn't approved.

15 He asked, did I tell anyone? I said, no, I took it
16 to be a matter that was part of the Iran enterprise and
17 didn't mention it to anybody.

18 It was a short meeting. I think that was about the
19 size of it.

20 At the end I said, Ed, I told John three weeks ago
21 that I think it is in everybody's interest that you ought to
22 get two things done, first, get all the truth out, as I take
23 it you are doing right now, but second, you have to have the
24 President able to lead again in international affairs, and I
25 recommend that you develop several initiatives in foreign

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AS-26 1 policy and perhaps in domestic policy that he can promote
2 as a new agenda and if you like I will be glad to work on some
3 of those, in fact, I already have been.

4 He said, fine, would you drop it off at my house. I said
5 I would be glad to.

6 So I went home and began working on these things that
7 I had been working on at the cabin. I had to catch a plane
8 at Dulles so didn't quite finish, but wrote them out and
9 put them through the door of Mr. Meese's house and then went to
10 the airport and arrived in London the next morning and went
11 directly to my hotel, which I think was the Grosvenor, and
12 then put this business out of my mind for several hours and
13 walked around Hyde Park and bought something for the kids,
14 I think, and came back at about twilight or six o'clock or
15 so, turned on the BBC and heard that there had been that day,
16 Tuesday, in Washington an announcement at a press conference
17 by the Attorney General, and that as a consequence
18 Admiral Poindexter had been reassigned and Colonel North had
19 resigned.

20 So I called back to Washington to -- I want to
21 say North, but it may have been Wilma, my former secretary --
22 just to get what the lowdown was, and I don't think I got
23 it. But my hosts there in London came to my suite at that
24 point and after sitting down and having a cocktail we went
25 off to this evening function that I was speaking at and it

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AS-27 1 was quite a long thing and I got back to the room at about
2 11:30 that night, turned on the BBC, heard basically the
3 same report again, and so I could tell, because I think in
4 this report it said that there had been this diversion and that
5 Mr. Meese had said in the course of the press conference that
6 Mr. McFarlane was aware of it and no one else -- so it was
7 apparent and, in fact, I had had reporters kind of beseige
8 the car when it arrived at the speaking site, so I knew I was
9 going to have to comment and say something about it so I sat
10 down and I wrote a one paragraph statement of how I had become
11 aware of the diversion, and it was my own recollection, but
12 I thought that if it wasn't true, I shouldn't say it.

13 So I called back to North at that point and I reached
14 him in his office and I said, Ollie, I have heard what has
15 happened here, tell me about it. He had been fired and I
16 said what is the story, and he said, I don't know.

17 I went to work this morning and I was prepared to
18 resign and so forth and we had a big session with the
19 Attorney General and Don Regan and I left it thinking I was
20 going to be allowed to resign and then I learned on the
21 television that I am fired.

22 I don't know whether that is true or not, but that
23 is what he said. I said I was sorry, that he had always
24 acted as a subordinate taking orders and I was confident
25 that he would be okay. He said that he had heard the news

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CAS-28 1 and was getting a lot of questions in London and I had
2 written out a statement and was going to read it, if it is not
3 accurate, say so.

4 I read it to him and he said that is accurate. The
5 last part of the statement said at the time I took it to be a
6 matter of approved policy. I said is that right, Ollie, wasn't
7 it approved? He said, yes, it was, I wouldn't do anything
8 that wasn't.

9 I said, well, I am sorry, take care, I will be
10 back tomorrow, good-bye.

11 Then I called AP and UPI in Washington to get the
12 statement on the record and that was all.

13 Q So Colonel North said that he actually heard about
14 his firing on television; is that correct?

15 A That was his account, on the telephone call, yes.

16 Q If I can go back on Monday in your conversation
17 with the Attorney General, did he ask you if there was
18 anything memorialized in writing, anything else other than
19 the memo that they had found?

20 A I think he probably did. And I said, well, I didn't
21 know of any of the paper in question. I think he told me,
22 he said we found a memorandum that Ollie sent to
23 Admiral Poindexter, and he said what do you know about this,
24 and I said, well, I know about it, what I learned on the trip
25 in May. And that is all.

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7AS-29

1 Q Did he ask you if there was a cover memo? Did
2 you discuss a cover memo at all with him?

3 A He may have asked me that. I said I don't know
4 anything about it. What I know is what I have told you about

5 MR. GARMENT: You hadn't seen it before?

6 THE WITNESS: No, Ollie told me about it on the
7 tarmac.

8 MR. GARMENT: Told you about the transaction?

9 THE WITNESS: Yes.

10 BY MS. NAUGHTON:

11 Q When you met with the Attorney General on Monday
12 morning, was anyone with him?

13 A If you had asked me, I would have said
14 Mr. Cooper and that is why I am surprised there weren't any
15 notes. I thought he was there.

16 Q Do you recall anything that he might have done or
17 said or was wearing or anything, waiting for him to show
18 up in the room or him being there when you got there?

19 MR. MORGAN: I don't know if it will help refresh
20 his recollection, but didn't Mr. Cooper testify that he was
21 not there?

22 MR. GARMENT: And nobody else was there, there
23 are no notes -- was your recollection?

24 THE WITNESS: Well, I do have a pretty solid
25 recollection of his being there obviously on Friday. I don't

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CAS-30 1 have the same vivid recall of his having a chair here and
2 Meese there and me here on Monday, so it isn't hard and fast.
3 But if you had asked me a week ago was he there, I would have
4 said, yes, he was there, I thought he was.

5 MR. GARMENT: The records show that he was at the
6 State Department at that time?

7 MR. LEON: The records indicate that he testified
8 that he was at the State Department at that time meeting with
9 Hill and Sofaer and his chronology simply indicates the same
10 thing.

11 BY MS. NAUGHTON:

12 Q Was anyone else there that you may have mistaken
13 for Cooper in your recollection?

14 A I think I would remember being introduced to
15 somebody different and I wasn't.

16 Q Do you know whether or not the Attorney General
17 took any notes of your conversation?

18 A Well, I think he had a legal pad, but I don't --
19 it was a very short meeting and he never paused to write some-
20 thing down. He may have written something down afterward.

21 Q You didn't take any notes in this meeting?

22 A No, I didn't.

23 Q Is that the last time you spoke with the Attorney
24 General regarding this topic?

25 A Yes, it is.

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CAS-31 1 Q When you left his office that morning, Monday
2 morning, what was your sense of what was going to happen, if
3 anything?

4 A I better amend my last answer. It wasn't the last
5 time that day, because after I left his office, went home,
6 worked more on those four ideas, went to his house, dropped
7 them off, I wasn't sure that I got it in the right house
8 because it is a very kind of a muse, the way you get to
9 Mr. Meese's house, and it didn't have a number on it.

10 So I got out to the airport and had to wait about a
11 half-hour and I called and I think I got him and I said I
12 have dropped it off at your house, this letter.

13 He said, I got it, and that was all. That is the
14 last communication we had and he didn't discuss the issues.

15 Q Did he ever -- I will repeat my last question,
16 which was when you left the meeting with him on Monday
17 morning, did you get a sense of what was going to happen, if
18 anything?

19 A I didn't. He didn't say what was going to happen.
20 He may have said that he was going to report to the President
21 and he would stay in touch, but --

22 Q In other words, he didn't tell you he was planning a
23 press conference?

24 A No.

25 Q Did he -- was there any discussion of whether or not

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CAS-32 1 this information should be closely held?

2 A No.

3 Q Was it sort of understood that you would hold it
4 close or did you have any sense of that?

5 A Well, I suppose I always operated under a
6 presumption that national security matters are closed guarded
7 and I considered this in that context.

8 Q You said that you saw Mr. Cooper's public testimony
9 on television. Is there anything that he said in his testimony
10 that struck you as inaccurate or contrary to your recollection?

11 A Well, I believe what I said is that I saw the
12 transcript, and I did, and I was quite upset not by any kind of
13 concrete error or contradiction, but by the accumulative
14 inference, really, that in November of 1986 that I had been
15 portrayed as kind of a working member of the team that was
16 organizing a cover-up for a conspiracy, and I knew in point of
17 fact that my total physical presence in this city had only
18 been a matter of hours in the whole week.

19 I was in Mexico and Chicago and Las Vegas and at
20 my cabin in Virginia for two days. So I was concerned about
21 it, but actually at about the time or within a day I had a
22 call from counsel, who had separately seen another-- well,
23 a journalist picking up on that account that implied that I
24 had been in the meeting with Mr. Casey and Mr. Wallison and
25 others on the 20th of November.

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7AS-33 1 I wasn't there, but it was being repeated based upon
2 impressions gained by journalists from that testimony so I
3 was concerned and asked Len to request that we have a
4 chance to correct the record because I wasn't even in the city,
5 much less party to any of those meetings.

6 Q I think we have corrected that at least for our
7 purposes today.

8 Was there anything else in Mr. Cooper's testimony
9 going over it that you didn't agree with or thought was
10 inaccurate?

11 A One part I could credit as a fair statement, but
12 I was dismayed about it. There was a statement in his
13 testimony that I had appeared to be ill at ease --

14 MR. GARMENT: Less than forthright. You were not
15 forthcoming.

16 BY MS. NAUGHTON:

17 Q He said both. He said he seemed ill at ease at
18 one point and at another less than forthcoming.

19 A The part about being ill at ease, I think I could
20 credit that as being a reasonable impression because I
21 thought in coming from my exposure to the White House's view
22 of this matter on November 18th, that I was being fed a
23 little bit of information that I had no personal recall of,
24 for example, the original view, according to Colonel North,
25 that he had thought this was oil drilling equipment when he

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CAS-34 1 began to help the Defense Minister on the 18th back in 1985.
 2 Well, I didn't know that, and yet here I was telling the
 3 Attorney General that here by hearsay is an account of it,
 4 that we collectively, but including myself, we believe that this
 5 was a matter of oil drilling parts from the beginning, and I
 6 was taking somebody's word for it.

7 I never had reason not to, but still it wasn't my
 8 first-hand recall that that was the fact. I couldn't blame
 9 that on Mr. Cooper, that was probably a reasonable
 10 impression, but I tell you, I think that that testimony was
 11 of a loyal aid, but it wasn't fair.

12 You can make your own judgments about it, but to
 13 imply in rather loosely drawn language that what now
 14 seems to me to have been a cabal of people that had very
 15 purposeful intentions to cover this thing up, and that I was
 16 party to that, it is not a reasonable picture to draw of
 17 Mr. Cooper or anybody else.

18 MR. GARMENT: By Mr. Cooper?

19 THE WITNESS: Yes.

20 MR. MORGAN: I don't know if you have read all of
 21 his testimony, but you ~~read~~ selected portions of it?

22 THE WITNESS: Right.

23 BY MS. NAUGHTON:

24 Q Thank you for clarifying that.

25 There was a story that appeared in the Los Angeles

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'S-35 1 Times the following weekend around November 28 or 29 that there
2 had been some shredding at the NSC.

3 Are you aware of the source of that story, who that
4 would have been?

5 A I am not. I might be able to speculate. Who was
6 the author of the story?

7 Q Jack Nelson.

8 A I can't stand him, so I wouldn't know about it.
9 I guess I don't. The bureau chief, his beat is not
10 specific to the CIA or Defense or the White House. He
11 covers all of them.

12 Q Do you know what his relationship was with Mr. Regan?

13 A It was good, I believe.

14 Q To your knowledge, did the Attorney General have
15 any knowledge of Colonel North's involvement in the
16 contra resupply operation?

17 A I don't know that first-hand. I imagine he did.
18 That is pure guesswork.

19 Q What would lead you to speculate on that?

20 A Well, I have learned in the last six months that
21 Colonel North worked more closely with the Attorney General
22 than I believed when I was in Government. I did know that
23 one of the occasions for that was the use of Drug Enforcement
24 Agency agents in trying to establish a channel to the captors
25 of the American hostages in Lebanon, and I had referred

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AS-36 1 Colonel North to the Attorney General, and so was aware that
2 he went to him to get his authority and his guidance. I was
3 not aware that that then led to fairly frequent meetings
4 between the two of them, and if that is the case, and I am
5 told that the evidence is that it is, then I imagine that
6 Ollie shared with the Attorney General some of the efforts he
7 was making to support the contras.

8 Now, that is a very speculative thing to say, but --

9 Q When you say it is your understanding that the --
10 they were in contact more frequently than you had supposed,
11 where is the source of this information?

12 A Just public accounts I have seen and I may be in
13 error, but I have seen reports that he had a number of meetings
14 with him.

15 Q Do you know whether or not the Attorney General had
16 ever directed potential contributors to the private resupply
17 effort to Colonel North?

18 A I have never heard of any such reference.

19 Q To back up on the DEA point, do you know whether or
20 not as a matter of fact that Colonel North had briefed the
21 Attorney General on the DEA operation?

22 A I am sure that he did, because on one occasion --

23 MR. LEON: Is that the DEA operation in Iran,
24 Mr. McFarlane?

25 THE WITNESS: Was there one of those --

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CAS-37 1

MR. LEON: To get hostages out?

2

MR. GARMENT: That was in Lebanon.

3

THE WITNESS: I know that that was briefed to

4

Colonel North because of a subsequent encounter between myself

5

and Mr. Meese he said, yes, Ollie has brought me up-to-speed

6

on that and I am keeping an eye on it.

7

BY MS. NAUGHTON:

8

Q Were there any specifics discussed with the

9

Attorney General and yourself?

10

A , No. If it didn't involve Russians, I didn't want to

11

know about it.

12

Q Did Colonel North write you any memoranda or

13

PROF note on his briefing with the Attorney General on the

14

DEA operation confirming that he had done so and what the

15

Attorney General's response was?

16

A I bet you there is a memo on it. That is the kind

17

of thing that Colonel North would have memorialized in a

18

memorandum. I am saying that based on logic and habit, but I

19

imagine that that is in the file rather than a PROF note.

20

It could have been the latter. Periodically he did send me

21

PROF notes on the status of the operation and what was going

22

on.

23

Q So you were aware of private monies being used to help

24

this operation along?

25

A No. In fact, the note that I am recalling was one --

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CAS-38 1 it wasn't even a note -- it was a memorandum that I have
2 seen in these proceedings, I think with the Tower Board, that
3 made a passing reference at a memorandum giving the status of
4 his efforts to DEA to the fact that part of the payments
5 would be to [REDACTED] and so forth, and it
6 would take inter alia \$60,000, which would come from funds
7 normally available to the contras, and that didn't make an
8 impression on me at the time.

9 Q This was a memo that I believe was in your
10 exhibit book when you testified publicly?

11 A Yes.

12 Q Were you -- I guess I will ask the question in a
13 different way.

14 Were you ever aware that private monies were being
15 solicited by Colonel North for this effort in which the DEA
16 agents were involved?

17 A Well, I did know at one point of the intention by
18 Colonel North with the Attorney General's approval to have
19 monies for bribing [REDACTED] paid by Mr. Perot, yes, I did.

20 Q And how do you know that the Attorney General
21 approved that?

22 A Colonel North said that he had. And explained to
23 me the Attorney General's reasoning and it is hearsay from
24 Colonel North, but he said that because we could not use
25 U.S. Government funds for bribing [REDACTED] I

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CAS-39 1 guess the criminal act or something -- that it was different -
2 if a private citizen provided the money and the Attorney
3 General had approved it, and that was good enough for me.

4 Q Do you recall -- this may be unfair, do you recall
5 approximately when this would have been?

6 It may help you if I add that we believe from
7 documents that there were operational activities and Perot
8 money exchanged somewhere around May or June of 1985.
9 Would that be approximately the correct time frame?

10 A That sounds right, yes.

11 Q Do you know whether or not indeed money was given by
12 Mr. Perot for this operation?

13 A I don't know for sure that it was. For what it is
14 worth, a year later I was out of the government and on this
15 mission to Tehran, and I think I have testified that when I
16 got back ^{from} ~~for~~ Iran into Israel and was on the airstrip and
17 reporting back by radio to Washington here, that Colonel
18 North had told me this cryptic comment about the diversion,
19 but then I learned either from him or from Mr. Teicher that
20 he had gone off somewhere at Ben Gurion Airport to try to make
21 contact with his man [REDACTED] to determine whether or not the
22 other channel to the captors had materialized or developed,
23 that if the Iran operation had not worked that he had another
24 possibility that involved a contact [REDACTED] and that he
25 was going off to research that.

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CAS-40 1 End of encounter. I came home, debriefed the
2 President a day or so, went back to private life. I got a
3 call from Ollie within a week -- you sparked me to remember
4 this, I haven't remembered it before -- he said, remember
5 when we were out there and I was trying to check up on this
6 [REDACTED] well, it fell through and it is a long story
7 that isn't worth repeating, he said, but he said I got in
8 trouble with Ross because I had his money, and I think he said
9 a million dollars out of the bank for a week, and he lost a
10 lot of interest.

11 And he said, do you mind calling Ross and explaining
12 to him that I wasn't trying to embezzle his money, that he has
13 it all back, and that I am sorry that I didn't stay in better
14 touch with him.

15 He implied that Perot had said to him in a call that,
16 you know, you have lost me X thousands of dollars on this money
17 but the point was really that Ollie hadn't kept in touch with
18 him, and so this was a little much.

19 I mean, I was not in the operation, I didn't know
20 about it, I didn't know anything regarding this money
21 transaction.

22 I was trying to be a private citizen, and I said,
23 well, if I see Ross, I will mention it to him. I don't know
24 why he didn't ask Admiral Poindexter.

25 Maybe he didn't know Ross. There came a time when I

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AS-41 1 did see Ross, and I went up to him and said, look, don't be
2 too hard on Ollie. He said I have calmed down about that,
3 don't worry about it.

4 Q Did Colonel North ever brief you on his encounters
5 with the phony Saudi prince Masudy?

6 A I never heard about that at all, no.

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1 Q Do you know whether or not Colonel North or
2 anyone at the National Security Council had ever contacted
3 anybody at Department of Justice or FBI regarding any ongoing
4 criminal investigations into the private contra supply
5 operation?

6 A I never heard of any inquiry in that context at
7 all.

8 Q Thank you very much for your patience. I think
9 that is all I have.

10 (Discussion off the record)

11 BY MS. NAUGHTON:

12 Q We are back on the record.

13 We would just like to call attention to a minor
14 correction in Exhibit No. 7. On page 9, Mr. McFarlane
15 stated that he arrived at his home about 6 p.m. that
16 evening and the exhibit read 5 p.m. So we have made that
17 correction in the deposition exhibit.

18 BY MR. LEON:

19 Q Mr. McFarlane, I am going to try to be very
20 brief and very quick about this. I will be the first to
21 tell you that I would be a lot better prepared had I known
22 what was going to be covered by the Senate and covered by
23 the House. I don't think, and I hope that upon reviewing
24 these documents after the fact, I won't have any new
25 questions that I have to trouble you with down the road.

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1
2 Let me start with the first document that was
3 introduced as an exhibit. I believe you testified you don't
4 have any recollection of this being drafted of this meeting,
5 is that accurate? That is Exhibit 1, I believe it is. It
6 is a memorandum dated March 8, 1985, prepared by North for
7 McFarlane to Max Friedersdorf, which beings on page N. 40600.

8 A Yes, I believe I testified that I have no
9 recollection of having seen the memorandum, although I have
10 confirmed that the meeting it summarizes did in fact occur.

11 Q And it was prepared by Colonel North, right, so
12 it appears. The cover sheet makes reference to an attachment
13 of a self-explanatory memo from you to Max Friederdorf?

14 A Well, normally it would have Colonel North's
15 initial on it, and I take your word for it though that it is.

16 Q I don't know, frankly. I guess neither of us knows
17 who prepared the darn thing. Let me clarify a few things about
18 it. There is a Representative Robert McCollum, R., Florida
19 referred to on there. Do you have reason to think that that
20 is an error, that it is referring to William McCollum?

21 A It probably refers to William McCollum.

22 Q Was there a Robert McCollum also from Florida?

23 A Not to my knowledge.

24 Q Do you have any recollection of William McCollum
25 being at this meeting?

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1 Q I don't recall the meeting at all. As I say, I
2 am sure it occurred, yet I don't recall any of these partici-
3 pants saying anything in particular.

4 A I think you commented that it was shocking to
5 read that reference with regard to Mr. Hyde because you
6 thought it would be shocking for him to suggest something
7 illegal. I think that was your testimony?

8 A Yes.

9 Q Let me just comment on one point in ^{the} regard.
10 As I read this memorandum, the operative sentence regarding
11 Mr. Hydes reads as follows:

12 "Henry Hyde felt that we should expand private
13 sector and third country assistance, such as [REDACTED]
14 [REDACTED] in the effort to support the resistance."

15 I don't see any other reference to what Henry
16 Hyde said or felt, or anything along those lines. Is that
17 right?

18 A Yes.

19 Q In this memorandum?

20 A In my earlier comment, I said that it stood out to
21 me because of two things:

22 First, that it suggested a prior awareness on
23 Congressman Hyde's part when it says expand -- you have got
24 to expand from something that he knew, and if he knew, I would
25 be surprised, but something he did, which I doubt, that he

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1 would suggest furtherance of an illegal act is outrageous and
2 I don't believe it.

3 Q I agree with that, but I just want to cause you
4 to pause if I could, on the word "illegal." Even assuming
5 that this sentence is an accurate statement, am I not correct
6 to state that it doesn't necessarily call for anything illegal
7 in that it doesn't talk about military support as opposed to
8 humanitarian support, and on top of that, prior to the date of
9 this memorandum of February 23, 1985, is it not a fact that at
10 least one of those two countries had in fact made a contribu-
11 tion to the U.S. -- I mean, to the contra effort after
12 discussions with you?

13 A I think your statement is accurate. I suppose I
14 was putting a different interpretation or stress on this
15 same thing Henry Hyde felt that we should expand private
16 sector -- we being if not Hyde and North and McFarlane, the
17 U.S. Government should expand [REDACTED] support, and
18 while I suppose Boland II did not foreclose third country
19 assistance, if it did not support military or paramilitary
20 activities, my own interpretation on what role we, my staff,
21 the U.S. Government, could take was that we could not solicit
22 anything for anything.

23 Q Well, I guess I was just troubled by your use of
24 the word illegality, and I must say that since Boland applied
25 to the use of appropriated funds, and since this sentence
26 doesn't even suggest the use of appropriated funds,

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1 I am just wondering whether you really intend to use the word
2 illegality that might be suggested here?

3 A Well, I am not qualified to make a judgment on
4 the lawfulness of any actions which may have flowed from that.

5 Q But the bottom line is you have no recollection of
6 that ever taking place?

7 A No, nor of ever seeing the memo.

8 Q Shultz's reaction to your informing him, according
9 to Cooper's testimony the other day, was that he told the
10 Attorney General that he was upset that you were informing
11 him of an upcoming shipment of Hawk missiles from Israel to
12 Iran. Do you recall him registering being upset to you?

13 A No.

14 Q Do you recall him stating or threatening anything
15 that he was going to go to the President about the matter at
16 that time?

17 A No.

18 Q I was just wondering if that happened?

19 A No.

20 Q Do you have any knowledge as to whether he, after
21 that fact, ever complained to the President about the shipment
22 of Hawks in the discussions you had with him?

23 A I doubt it. I do not know for certain --

24 Q You have never been informed that he did?

25 A I seriously doubt it. I have not. And he always

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1 told me if he had a problem. He didn't.

2 Q With regard to the proposed finding, I think you
3 will recall in your testimony that there was an exhibit of
4 a proposed finding of November 26th that Director Casey sent
5 over to you with a cover memo, and I believe your testimony
6 was it went to Admiral Poindexter. You were out of town and
7 Admiral Poindexter received it. Do you recall that generally?

8 A I did. I guess I would make one minor point, and
9 that is that it was not addressed to me. It was addressed
10 to Admiral Poindexter and I don't believe that I ever saw it.

11 Q Okay. Did Admiral Poindexter ever indicate to
12 you that he had had it signed by the President?

13 A No. And as a kind of a logistics issue, the
14 President was physically in California, and so the Admiral
15 could not have gotten it signed except by having me do it,
16 and I know that didn't happen until the President got back
17 on 3 December.

18 Q Did he ever indicate to you at a later time that
19 as to that particular proposed finding he had gotten it
20 signed?

21 A I don't think so.

22 Q I believe you testified with regard to the --
23 your reason why you didn't tell the Attorney General on
24 Friday evening about the diversion, so I am not going to go
25 back into that.

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1 The focus is on Monday morning the 24th. When you
2 met with the Attorney General, and he informed you that he
3 had found out about a diversion memo from Colonel North the
4 preceding evening, you testified that you confirmed that you
5 were aware of that?

6 A Yes.

7 Q What, if any, action did the Attorney General have
8 if you recall, to your confirming that you had known about
9 it?

10 A Well, he said tell me about it, how you learned of
11 it, and what you did, and so forth, and he just let me talk
12 and summarize this exchange.

13 I think when he asked me that it wasn't as
14 concrete as to be able to tell him it happened on the tarmac
15 late in the day the next time, but I told him that some time
16 on the trip I had learned about this. I couldn't pin it
17 down.

18 He said, what happened when you got back?

19 And I told him about the debriefing.

20 He said, did you tell anybody else? I think he
21 said didn't this bother you?

22 I said, it seemed to me at the time that it was
23 part of actions that were approved collectively, but I did
24 urge Admiral Poindexter to have Colonel North reassigned,
25 based on my own judgment that he was operating at a point of

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1 exhaustion and in very high risk areas.

2 Q When the Attorney General said to you, didn't it
3 bother you when you learned about the diversion, was he calm
4 when he said that or did he register any emotion in terms of
5 being upset?

6 A Well, he never seemed upset to me, but that is his
7 normal condition. He is a composed person.

8 Q Would you describe him as being unflappable?

9 A Taciturn, yes.

10 MR. GARMENT: A "taciturney general!"

11 BY MR. LEON:

12 Q From your experience in dealing with him over
13 many years, would you say that it is uncommon for him to
14 register if he is upset, to register it in bursts of emotion?

15 A Yes. I have never seen him that he wasn't fully
16 composed and fully calm.

17 Q So even when he gets bad news or news that could
18 be bad news about -- politically bad news, or sensitive news
19 it doesn't cause him to fly off the handle or to register
20 emotion?

21 A No sir.

22 Q Did he ask you if you had checked with Admiral
23 Poindexter to see if he had approved the diversion plan?
24 If you recall?

25 A I think it is likely he did and I said that I

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1 did not.

2 Q Let me ask you about one of these exhibits here.
3 These notes that Charles Cooper took of your interview with
4 the Attorney General were already exhibits in your testimony,
5 exhibits 67, and I will ask that they be incorporated by
6 reference into the exhibits for this particular deposition.
7 When Cooper went over his notes in his testimony the other
8 day, he acknowledged that he had left the word "not" out of
9 his notes and I will point out to you where he testified that
10 he wanted the word "not" inserted.

11 I will direct your attention here to a copy of the
12 notes, the fourth page of notes, marked in the upper right
13 corner with a number, the origin of which I am not certain,
14 but it is 3096. Directing your attention to the December
15 7th line, Assistant Attorney General Cooper testified that
16 upon his recollection, the word "not" should have been
17 included after the word "should" on the December 7th line
18 such as it read:

19 "M" -- standing for McFarlane -- "said we should
20 not provide arms" -- I can't read the next word, I don't know
21 if you can -- McFarlane --

22 A "No talks re problem with arms already given
23 by Israel."

24 Q Would the insertion of the word not there be
25 consistent with what you told the Attorney General on that

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1 Friday afternoon interview with Mr. Cooper present?

2 A Yes, it would.

3 MR. GARMENT: Anybody ever figure out the last
4 line that doesn't appear -- there must be an original. Do
5 you know which line I am referring to?

6 MR. MORGAN: Why don't we go off the record for
7 a second?

8 (Discussion off the record)

9 MR. LEON: With regard to November 23rd, I believe
10 it was, you have testified that -- excuse me -- November 21st
11 -- I believe you testified from your recollection that in
12 your conversation with Colonel North after you had met with
13 the Attorney General, you got the impression from him to the
14 effect that perhaps one of his friends inside the Bureau --
15 referring to the FBI, I believe -- had suggested that his
16 phones were likely to be surveyed as well as yours. Is that
17 consistent with your recollection?

18 A Yes.

19 Q And you also I believe, testified that he might
20 have commented on that same occasion to the effect that "I
21 have been urged to get counsel." That was part and parcel of
22 it without identifying who it was that urged him to get
23 counsel?

24 A Yes.

25 Q Would it be possible it was the same person in

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94

1 the same conversation who suggested both things, that he get
2 counsel and your lines and his might be bugged?

3 A It is possible.

4 Q Did he ever mention a person named Buck Revell at
5 the FBI as a friend of his?

6 A Yes.

7 Q Did you know about their working relationship on
8 terrorist actions at the Bureau?

9 A Yes.

10 Q Might it be possible that he was the friend he was
11 referring to at the Bureau -- at least theoretically possible?

12 A It is possible.

13 Q With respect to the Attorney General, I believe
14 that Ms. Naughton asked you if you had any knowledge whether
15 or not Colonel North had ever informed the Attorney General
16 about Colonel North's activities vis-a-vis contras and contra
17 resupplies, and that you said you didn't have any knowledge,
18 but that you could speculate in that area?

19 A It is purely speculation on my part. I am
20 inclined to think that he probably did.

21 Q But that is based upon your understanding -- your
22 speculation, as I understood it, was based upon your under-
23 standing that they had had a meeting with regard to the
24 released of hostages in the Middle East?

25 A Yes. And I should not speculate. It seems

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1 natural to me in the context of the discussion of where
2 the money was coming from, and that may not be the case.

3 Q But then experience has indicated, has it not, that
4 a lot of things that Colonel North would naturally bring to
5 the attention of people, he had not. For example, as I recall
6 your testimony, when you appeared before the committee in
7 public hearings, there were events, for example, a meeting
8 in Miami at a hotel that Colonel North met with a number of
9 contra leaders, while you were still National Security Advisor,
10 his supervisor, and he never informed you of that -- during
11 testifying to that -- that he never informed you of that event,
12 and you were his boss?

13 A There may have been a meeting he didn't tell me
14 about. His meeting there, the San Jose declaration, he
15 informed me of.

16 Q Then, of course, there were the missions that he
17 sent Gaston Siguron that you were questioned about in your
18 public testimony as to whether he had informed you that he
19 had taken it upon himself to ask Gaston Sigur, who was a
20 advisor to the NSC, to visit with certain countries?

21 A Yes.

22 Q As I recall your testimony, North had not told
23 you that he had sent Gaston Sigur to two separate countries
24 [REDACTED] to solicit funds?

25 A Yes.

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**TOP SECRET
UNCLASSIFIED**

96

1 Q At the time that that occurred, you were his boss
2 and the National Security Advisor to the President?

3 A Yes.

4 Q It would have been logical for all people working
5 at the NSC to have thought he would have told you about that,
6 too?

7 A Yes. I think the compatability in those statements
8 lie in the different kinds of reception he would have. Mr.
9 Meese was connected to the conservative constituency, so he
10 might expect a different reception. I don't know that.

11 Q When the Attorney General found out about the
12 diversion memo he went to the President of the United States
13 about it forthwith, after confronting North with it?

14 A Yes.

15 Q So we do know that for certain?

16 A Yes.

17 Q One might speculate that if the Attorney General
18 was aware of anything going on by North, that was unlawful
19 in Central America, he would have done the same thing, is that
20 not a reasonable inference?

21 A Certainly. The point is that he may not have
22 believed that there was illegal activity.

23 MR. LEON: I don't think I have any other
24 questions, Mr. McFarlane. I, too, want to join in the comment
25 of Ms. Naughton that we very much appreciate your coming out

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97

1 here at this late hour of the day and sitting here so patiently
2 and working so hard to recall the events. It is appreciated
3 very much.

4 Thank you, Mr. McFarlane.

5 MR. MORTON: Two quick questions, just to clear up
6 the record.

7 Mr. McFarlane, Ms. Naughton asked you if you had
8 heard after November '85 about any further discussions about
9 the managers of replenishment of TOW missiles and I believe
10 you said you didn't recall. Since then, I spoke with you at
11 the break about a PROF note you received in '86. Did that
12 refresh your recollection?

13 A Yes. I should have noted that after I left the
14 government a question arose in Colonel North's mind about
15 whether or not the Secretary of State was witnessing -- excuse
16 me -- he asked whether or not when the original decision was
17 made by the President to allow Israel to sell arms and then
18 to come to us for replacements, was it clear that Israel had
19 to pay us for the replaced arms. And I informed them yes,
20 that indeed is the case. Israel always understood that they
21 had to pay for whatever they bought and that is the only
22 change.

23 MR. MORTON: The second point is you stated
24 that in response to questions from Ms. Naughton that Oliver
25 North told you in November '86 that you -- that he hoped you

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98

1 would not be harmed by anything that happened. I think
2 previously, you testified that the "you" was plural and
3 included the President of the United States and Admiral
4 Poindexter and yourself. Is that still your recollection?

5 THE WITNESS: Yes.

6 MS. NAUGHTON: Was there any issue of replenish-
7 ment being a higher grade TOW missile than what the Israelis
8 had sent? In other words, they were sending cheaper missiles,
9 they were obviously going to be replaced with more expensive
10 missiles. Was there ever a complaint on the part of the
11 Israelis that they would have to eat that additional cost?

12 THE WITNESS: I am not aware of the details of it,
13 but I recall Colonel North saying to me, a cryptic comment,
14 that we have had all kinds of problems with the model, where
15 they shipped one version of Hawks and they wanted I-Hawks or
16 Improved Hawks, and I won't bore you with it, and he didn't,
17 and I don't think you want to be bored with it.

18 I am afraid I don't know anything more about it.

19 MR. GARMENT: I request how much or how little
20 you use of this deposition, that you make available for the
21 public record the documents that we have prepared and
22 furnished you as exhibits to Mr. McFarlane's further
23 deposition.

24 (Whereupon, at 8:40 p.m., the deposition was adjourned.)

25

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MEMORANDUM

UNCLASSIFIED

NATIONAL SECURITY COUNCIL

2/8/85
1632
8 MAR 85
1414
N 40599

March 8, 1985

03/85
02/85

~~CONFIDENTIAL~~ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Meeting with House Permanent Select Committee on Intelligence (HPSCI)

Attached at Tab I is a self-explanatory memo from you to Max Friedersdorf responding to his memo at Tab II.

RECOMMENDATION

That you initial and forward your memo to Max Friedersdorf.

Approve _____

Disapprove _____

Attachments

Tab I - McFarlane Memo to Friedersdorf

Tab II - Friedersdorf Memo to McFarlane of February 28, 1985

Partially Declassified/Released on 25 June 1987
under provisions of E.O. 12356
by B. Regor, National Security Council

~~CONFIDENTIAL~~
Declassify: OADR

UNCLASSIFIED

1199

draft Box 21-29
3/5/87
J

MEMORANDUM

~~UNCONFIDENTIAL~~

1652

WASHINGTON

~~CONFIDENTIAL~~

N 40000

MEMORANDUM FOR MAX L. FRIEDERSDORF

FROM: BUD MCFARLANE

SUBJECT: Meeting with Members of the House Permanent Select Committee on Intelligence (HPSCI)

Per you memo of February 28, 1985, I met with the following members of the HPSCI on March 4, 1985:

Representative Robert Stump (R-AZ)
 Representative Robert Livingston (R-LA)
 Representative Henry Hyde (R-IL)
 Representative Robert McCollum (R-FL)

Bob McCollum expressed belief that [REDACTED] found U.S. aid essential to the success of the Nicaraguan resistance and need for increased lobbying on the Hill

Henry Hyde felt that we should expand private sector and third country assistance, such as [REDACTED] in the effort to support the resistance. I explained why these are just not tenable alternatives--for the freedom fighters or for us.

Bob Stump indicated that we needed to get on with some "hard bargaining" if we plan to win the vote.

Bob Livingston had obviously done the most thinking about the problem and made a strong case for a well orchestrated effort. He noted that we had great need of a vote count before we go too much further and start dissipating our energies.

In short, it was a good session. They were all emphatic that it will take a well executed plan to get the votes that we need. We committed to help get as much as possible declassified and to set up a series of briefings both here and on the Hill. I also stressed the need to get as many members as possible down to the region to meet with Duarte, Suazo, Monge and the resistance.

If you feel that this kind of session helps, keep 'em coming!.

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 Declassify: OADR

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UNCLASSIFIED

THE WHITE HOUSE
WASHINGTON

1652

February 28, 1985

N 40601

TO: BUD MCFARLANE
FROM: MAX L. FRIEDERSDORF *mlf*
SUBJECT: Meeting with Republican Members
of House Select Committee on
Intelligence

Bud, could you meet with this group?

*See Mullin
1986 meeting on "dair"
"Bud" - 6 c. the 80"*

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THE WHITE HOUSE
WASHINGTON

2/22/85
22 Feb 85

February 22, 1985

N 4060

MEMORANDUM FOR ROBERT MCPARLANE

THRU: MAX FRIEDERSDORF
M.B. OGLESBY, JR.

FROM: W. DENNIS THOMAS

Republican Members of the House Permanent Select Committee on Intelligence, in anticipation of marking up the Intelligence Authorization bill (which includes restrictions on aid to Nicaraguan Contras) want to meet with an appropriate Administration policy official. They are seeking guidance on this issue and the best strategy to pursue. The legislative process is underway, with the schedule calling for mark-up by the 1st week in April.

Would you please advise who the appropriate Administration official should be? I recommend the meeting be arranged in the near future.

cc: Chris Lehman

Classified on 8 July 87
EX-107 PROHIBITION OF E.O. 12958
By P. [unclear], National Security Council

(1848)

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~~TOP SECRET/SENSITIVE~~

UNCLASSIFIED

7/12/85
July 13, 1985

8381

FROM: The White House

TO: The Secretary of State's Aircraft

N 4244

Please deliver the following message from Bud McFarlane to Secretary Shultz personally and to no other for him. It must repeat must be opened by the Secretary only. If it is not possible to do so, then so advise this station.

SUBJECT: Israeli-Iranian Contact

1. Top Secret Entire Text.
2. This message is for you only and until we can exchange thoughts on it, I would request that it not be shared with anyone. It concerns a proposal by an Iranian official endorsed by the Government of Israel. It has a short term and a long term dimension to it. The short term dimension concerns the seven hostages; the long term dimension involves the establishment of a private dialogue with Iranian officials on the broader relationship.
3. It may perhaps first be useful to provide some background on how this matter came to my attention. Today, I received a private emissary who asked to convey a message from Prime Minister Peres. Reduced to its essentials, the oral message expressed the Israeli position that their access to Iranian officials (which it became clear has involved extensive dialogue for some time) had surfaced serious interest among authoritative persons in the Iranian hierarchy in opening a dialogue with the west. A month or so ago, the Israelis surfaced this interest in a Peres session with Michael Ledeen who reported it to me. Separately, Rabin

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Partially Declassified/Released on 2-24-1977

Under provisions of E.O. 12356

by S. Regier, National Security Council

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EX-2RCM Files
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41-177
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PAGE 2

reported the contact to Sam Lewis and he to you. Ledeem had been in Israel on his own and without any sponsorship from me but he did report the contact. I was awaiting a chance to report it to you when Sam's report reached you and following your stated disinclination, I told Ledeem to state tersely to whomever he dealt with that we did not favor such a process. He did so. b4 2448

4. Last week, during David Kimche's visit, he asked for 10 minutes with me following a larger meeting. Kimche [REDACTED] [REDACTED], that they were puzzled by our disinclination and that he was instructed to determine its accuracy. I stated flatly that we could not undertake such a dialogue (or triologue) at this time. David did not amplify in any degree as to what they intended but clearly understood my flat turndown. He asked again [REDACTED] that I raise it with appropriate authorities and reconfirm it. I committed to do so but frankly thought it could wait until your trip and some of our more pressing business was behind us. My lone thought at the time was that it was interesting that Kimche [REDACTED] [REDACTED]

5. Then came today's emissary who again, [REDACTED] [REDACTED] He stated that Israel has for some time been conducting meetings with high level persons in Iran. At a recent meeting in Germany attended by Kimche, a man named Al Schwimmer (Father of the Israeli aircraft industry), and on the

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PAGE 3

Iranian side [REDACTED] and an advisor to the Prime Minister named Gorbanifar, the Iranians presented a picture of contemporary Iran that was extremely pessimistic; continued economic decline, stalemate on the war front; no improvement even assuming Khomeini's passing without having "an option." Their hope and that of what they portrayed as a significant cadre of the hierarchy was to develop a dialogue with the west. At this point and often throughout the conversation, Kimche reminded them that they were talking to Israelis who aren't the "west" per se and what did they have in mind? The interlocutors stated emphatically that they sought a dialogue with the United States. The Israelis pressed (in the interest of vetting the bona fides of the Iranians with the real power in Iran) for some tangible show of their ability "to deliver" in such a dialogue. The Iranians stated that they were very confident that they could in the short term, achieve the release of the seven Americans held hostage in Lebanon. But in exchange they would need to show some gain. They sought specifically the delivery from Israel of 100 TOW missiles. But they stated that the larger purpose would be the opening of a private dialogue with a high level American official and a sustained discussion of US-Iranian relations.

6. The concept raises a number of imponderable questions. First, there is your very reasonable concern raised a month ago when the issue was just intelligence sharing, [REDACTED] " That is very real and one has to consider how such a "trialogue" would be affected over time by sustained

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PAGE

Israeli involvement. Surely we ought to expect that Israel's fears over any Arab (as opposed to Iranian) fallout would not always necessarily coincide with our own.



2450

7. On the short term aspect, there is a family of questions related to our terrorism policy against negotiating with terrorists (notwithstanding the thin veil provided by Israel as the cutout on this specific matter). As a footnote I have checked and determined that Iran had TOW missiles before the Shah's fall and, consequently, their using TOWs now would not necessarily raise too many eyebrows.

8. Then one has to consider where this might lead in terms of our being asked to up the ante on more and more arms and where that could conceivably lead, not just in the compromise of our position, but to the possible eventuality of the Iranians "winning" and where that would put the security of the neighboring Gulf States. Clearly that is a loser. But I would think that, given the vulnerability of the Iranian interlocutor to our discrete blowing of his cover with Khomeini, ought to enable us to control that.

9. At the end of the day, our long term interest remains in maintaining an ability to renew ties with Iran under some more sensible successor regime. Whether or not this contact is

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PAGE 5

connected to viable, stable parties in Iran remains to be seen. It could be that these people are no more than self-serving, self-promoters who seek to curry favor with an element of the military -- those who happen to want TOWs right now. But I would think their risk of exposure again, provides some insurance against that. And Israel is not noted for dealing with fools and charlatans. N 42451

10. George, I cannot judge the equities on this. We need to think about it. But I don't think we should tarry.



On balance my

instincts are to see our larger interest in establishing an entree to someone in Iran and the check provided by the Iranian interlocutor's vulnerability to being "blown" as giving us some insurance against perfidy. We could make a tentative show of interest without commitment and see what happens. Or we could walk away. On balance I tend to favor going ahead.

10. As a final note, and please understand that I intend no comment on the NEA bureau for which I have profound respect, I don't believe this should go beyond you and Charlie Hill. It isn't at all that others lack judgment. It is simply a matter of the potential for compromise as the circle widens which is axiomatic.

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PAGE 6

11. The emissary will return to Israel on Tuesday. We should give him some signal by then, preferably on Monday Washington time. I will await and abide fully by your decision.

12. Finally, the President has been in the operating room for 3 hours. I will keep you advised.

Warm Regards, Bud

N 42452

P.S. - I have just received word from Don Regan that the operation has been completed and was entirely successful.



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14 JUL 85

S/S-0
INCOMING

Department of State
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PAGE 02 OF 04

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FM USDEL SECRETARY IN CANBERRA
TO SECSTATE WASHDC IMMEDIATE 0:95

SECTO
[REDACTED]

Partially Declassified/Released on 20 July 1982
Under Provisions of E.O. 12356
By B. Smith, National Security Council

FOR S/S PLATT FROM HILL

E.O. 12356: DECL: OADR
TAGS: OVIP (SHULTZ, GEORGE P.)
SUBJECT: REPLY TO BACKCHANNEL NO. 3 FROM BUD

1. ~~TOP SECRET~~ - ENTIRE TEXT.

2. PLEASE HAVE FOLLOWING MESSAGES TYPED ON PLAIN BOND
AND HAND-CARRIED E.O. TO BUD. ENVELOPE MUST BE GIVEN
DIRECTLY TO HIM AND OPENED BY HIM AND NO ONE ELSE

3. DEAR BUD.

THANK YOU FOR YOUR MESSAGE ON THE ISRAEL-IRAN CONTACT.
I AGREE WITH YOU THAT WE SHOULD MAKE A TENTATIVE SHOW
OF INTEREST WITHOUT COMMITMENT. I DO NOT THINK WE COULD
JUSTIFY TURNING OUR BACKS ON THE PROSPECT OF GAINING
THE RELEASE OF THE OTHER SEVEN HOSTAGES AND PERHAPS
DEVELOPING AN ABILITY TO RENEW TIES WITH IRAN UNDER A
MORE SENSIBLE REGIME -- ESPECIALLY WHEN PRESENTED TO
US THROUGH THE PRIME MINISTER OF ISRAEL.

2241

UNCLASSIFIED



UNCLASSIFIED S/S-0
Department of State INCGM:IN

PAGE 03 OF 04

4. THAT BEING SAID, I FURTHER AGREE WITH YOU THAT THIS SITUATION IS LOADED WITH "IMponderables" THAT CALL FOR GREAT CAUTION ON OUR PART. I THINK YOU HAVE COVERED THEM ALL IN YOUR MESSAGE. I WOULD ONLY UNDERSCORE A COUPLE OF THEM: THE FRAUD THAT SEEMS TO ACCOMPANY SO MANY DEALS INVOLVING ARMS AND IRAN AND THE COMPLICATIONS ARISING FROM OUR "BLESSING" AN ISRAEL-IRAN RELATIONSHIP WHERE ISRAEL'S INTERESTS AND OURS ARE NOT NECESSARILY THE SAME.

5. I SUGGEST -- AND YOUR MESSAGE INDICATES YOU LEAN THIS WAY TOO -- THAT WE GIVE THE EMISSARY A POSITIVE BUT PASSIVE REPLY. THAT IS TELL HIM THAT HE MAY CONVEY TO HIS IRANIAN CONTACTS THAT THE U.S. HAS BEEN INFORMED OF THE IRANIAN PROPOSAL AND IS RECEPTIVE TO THE IDEA OF A PRIVATE DIALOGUE INVOLVING A SUSTAINED DISCUSSION OF U.S.-IRANIAN RELATIONS. IN OTHER WORDS, WE ARE WILLING TO LISTEN AND SERIOUSLY CONSIDER ANY STATEMENT ON THIS TOPIC THEY MAY WISH TO INITIATE.

6. GIVEN THE NATURE OF THIS MATTER I AM INCLINED TO THINK IT SHOULD BE MANAGED BY YOU PERSONALLY. ITS SENSITIVITY REQUIRES HIGH-LEVEL MANAGEMENT; BUT THAT IN TURN RAISES THE LIKELIHOOD OF DISCLOSURE. BUT THIS IS SOMETHING THAT WE CAN GO OVER MORE CAREFULLY AFTER I GET BACK. I DO THINK IT IMPORTANT THAT YOU MAKE CLEAR TO THE EMISSARY THAT YOU AND I ARE IN CLOSE CONTACT AND FULL AGREEMENT EVERY STEP OF THE WAY. THIS IS ALL THE MORE IMPORTANT IN VIEW OF THE PRESENT LACK OF UNITY AND FULL COORDINATION ON THE ISRAELI SIDE.

7. THANK YOU AGAIN FOR YOUR MESSAGE. I CAN ONLY

REITERATE HOW MUCH I VALUE OUR CLOSE CONSULTATION AND FRIENDSHIP.

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Department of State

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PAGE 04 OF 04

GEORGE.

SHULTZ

UNCLASSIFIED

12 Dec 85

UNCLASSIFIED Exhibit 4

N 42468

THE WHITE HOUSE
WASHINGTON

→ J111P
 pls held on
 to this.
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Partially Declassified/Released on **10 FEB 88**
 under provisions of E.O. 12356
 by K. Johnson, National Security Council

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12/12/85

Admiral ✓

are returning to you from

Rem's file.

WZ

POF 43.2
 4/14/87
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TO: Robert C. McFarlane
FM: 69/24/9 Oliver L. North
SYSTEM ~~XX~~ NSC/ICS-402006

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SYSTEM IV NSC/02-102906N

SECRET EYES ONLY

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N 42471

**National Security Council
The White House**System # 59-116Package # NSC/103 462006

| | SEQUENCE TO | HAS SEEN | DISPOSITION |
|-----------------|-------------|----------|-------------|
| Paul Thompson | | | |
| Bob Kimmitt | | | |
| John Poindexter | 1 | | |
| Tom Shull | | | |
| Wilma Hall | | | |
| Bud McFarlane | 2 | | |
| Bob Kimmitt | | | |
| NSC Secretariat | | | |
| Situation Room | | | |

JP *3. A. info for* *agreed* *Handwritten notes and signatures*

I = Information A = Action R = Retain D = Dismiss S = Stop further Action

cc: VP Meese Baker Osceva Other

COMMENTS

Should be seen by:

(Date/Time)

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Bud,
I heard of the though Ollie
report. I don't think Constant

ROUTING

| To | Name and Address | Date | Initials |
|----|------------------|------|----------|
| 1 | Robert McFarlane | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| 6 | | | |

| X | ACTION | FILE |
|---|--------------|----------------|
| | APPROVAL | INFORMATION |
| | COMMENT | PREPARE REPLY |
| | CONCURRENCE | RECOMMENDATION |
| | DIRECT REPLY | RETURN |
| | DISPATCH | SIGNATURE |

REMARKS:

cc: Oliver North (#2 and 3)
Jim Radzinski (#4)

~~UNCLASSIFIED~~ SECRET EYES ONLY

SECRET

N 42472

NSC/ICS CONTROL NO. 402006

COPY NO. 1 OF 4

HANDLE VIA SYSTEM IV CHANNEL ONLY

NSC INTELLIGENCE DOCUMENT

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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~~UNCLASSIFIED~~

SECRET EYES ONLY

MEMORANDUM

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UNCLASSIFIED
 NATIONAL SECURITY COUNCIL

SYSTEM IV
NSC/ICS-402006

December 4, 1984

SECRETACTION

N 42473

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Confusion in the Nicaraguan Resistance

Adolfo Calero advises that this weekend a three hour meeting with held among Bosco Matamoros (local FDN representative), Constantine Menyes, Jackie Tillman, and Bob Neilly. According to Calero, the purpose of the meeting was to address the strategy for Congressional and public diplomacy action for a resumption of USG support to the Resistance. Calero reports that as a result of this meeting:

- Matamoros sent a 22 page telegram (hopefully encoded) to FDN headquarters [REDACTED]
- The telegram specified that North was no longer involved in this endeavor and that a more forceful effort would be made to reinstitute funding between now and February.
- Congressional contacts were being worked out and a detailed strategy would be forthcoming.
- It was obvious that the State Department was opposed to any resumption of assistance, but that Kirkpatrick, Casey, and Weinberger would ensure that the program obtained renewed support.

Calero was pulled from the field in Nicaragua to receive this message. He was, to say the least, distressed and confused. Not only was he placed at risk in moving back [REDACTED] he feels that the mixed signals he is receiving portends serious problems within the Administration. [REDACTED]

[REDACTED] he receives no advice, intelligence, or support. Now he is being "told of discord" about the "worthiness" of the FDN and the possibility that the Administration may not ask the Congress renew support.

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Declassify: OADR

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N 42474

Up to this point, Calero has been told that we had every intention of making another try at the Congress. He is fully aware of the constraints imposed in the Continuing Resolution, but has never been apprised of any internal debate on the merits of whether or not we would pursue a further attempt to obtain funds for the Resistance movement. While I may not have been fully open with him on this matter, it did not seem to be relevant to his other important tasks given current funding arrangements. Yesterday's missive from Matamoras has now sown doubt which did not need to exist.

Calero has too much on his mind to be burdened with our internal differences. It is unfortunate that we now seem to have so many voices speaking for our intentions. Before this goes any further, it would seem appropriate to clarify the roles various people will be playing in the days ahead.

RECOMMENDATION

That you review the points above and indicate your direction on who should be saying what to whom.

Approve _____

Disapprove _____

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NATIONAL SECURITY COUNCIL

11 32659

ACTION

SUBJECT: Confusion in the Nicaraguan Resistance

-- It was obvious that the State Department was opposed to any resumption of assistance, but that Kirkpatrick, Casey, and Weinberger would ensure that the program obtained renewed support.

requires no advice, intelligence, or support. Now he is being "told of discord" about the "workings" of the FDM and the possibility that the Administration may not ask the Congress to renew support.

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Partially Declassified/Released on 08-28-2014
under provisions of E.O. 12356
by E. S. Smith, National Security Council

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2

4 32859

Up to this point, Calero has been told that we had every intention of making another try at renewed support from Congress. He is fully aware of the constraints imposed in the Continuing Resolution, but has never been apprised of any internal debate on the merits of whether or not we would pursue a further attempt to obtain funds for the Resistance movement. While I may not have been fully open with him on this matter, it did not seem to be relevant to his other important tasks given his current funding problems. Yesterday's missive from Matamoras has now sown doubt which did not need to exist.

Calero has too much on his mind to be burdened with our internal differences. It is unfortunate that we now seem to have so many voices speaking for our intentions. Before this goes any further, it would seem appropriate to clarify the roles various people will be playing the days ahead.

RECOMMENDATION

That you review the points above and indicate your direction on who should be saying what to whom.

Approve _____

Disapprove _____

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EX 5 21 NOV 86

11/21/86 - McFarlane - AG - LOR

AG - need the facts - total chronology.
 AG recaps
 1st contact by Kinle -

1323
 M. - July 3 - M, K, others ^{from Top (Ex. Rubinstein)} met ^{in M's office} re this.
 July 30 - Kinle phones M. to set up Aug 2
 Aug 2 - K, M meet in Wash.
 (K - director-gen. of For. Minister)

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 Under provisions of E.O. 12356
 by R. Roger, National Security Council

→ K. said Iranian made contact w/ K, +
 rep'd elements of Iran seeking chg in policy
 + int'd in establishing contact w/ U.S.
 Iran's econ. declining, Soviets on border, etc.
 Fundamentalists drive bad, they said.
 mid-July: ^(1st?) M. briefed P. in coop. w/ Don Regan.

K. thought the Iranians were legit bc/ had
 taken risks to prove their b.o.

~~K. said a group of military appar~~
~~would be involved in this.~~

~~no mention of weapons till 2d meeting.~~

■ The Iranian's might be able to influence policy shift

Aug 2 - M told K that ~~there is a~~ dialogue,
 but cautious re any weapons -- maybe at
 some pt later, but not now. - ~~the~~
 but suggested that Is. provide ~~more~~ ~~information~~

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would be gutted (M ~~was~~ suspected Isr. had already).
 K mentioned replenishment; M said no diff. from
 direct U.S. → Iran. - only Rabin, & Perez
 aware of chat, not ~~the~~ ~~is~~: no partic. type
 of arms mentioned.
 M... acknowledged that ~~the~~ ~~is~~ ~~was~~ ~~not~~ ~~able~~

~~M. Ledaan~~ - periodically would tell M. that he was going
 somewhere (Is.) & should be kept if Is had
 contacts w/ Ir. - M said of course.

after 2nd K-M meeting Ledaan gave M
 confirming info re Isr / Iran channel.

M thinks he talked w/ ~~the~~ ~~is~~ in July or Aug. re
 these matters - Poin. remembers meeting w/
 Family Group in hosp. - & in residence - & in

^{paginas}
 M. doubts that Pres called Perez when Wici released.

M. guesses he learned of ~~the~~ ~~is~~ from Ledaan
 M briefed P. - Cap., G.S., & Carey, parent, M
 thinks. At time M. told it was 400± Tons.

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~~Mr. J. ...~~

Nov. - ~~1944~~ -

[illegible]

N briefed M - he was action - officer on this
beginning out on Nov. UNCLASSIFIED

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Mr. Didit knew this ~~market~~ ~~person~~ ~~or~~ ~~place~~, didn't
~~remember~~ ~~check~~ / ~~65~~ ~~or~~ ~~not~~ ~~possibly~~ ~~check~~ ~~me~~

+ Dec 4 -- K visits Wash. to urge M. not to resign.
(which had been rumored). M said U.S. into
polit. something -- M doesn't remember talk re Tow.
, other arms, but if war, ~~off~~

Then M, N. went to London.

~~At meeting of the ...~~

At 5:30 PM the Community

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~~Dec.~~ Dec. London meeting - Iranian said need arm to strengthen his associates. - ~~M. said we can do~~

separate ~~meeting~~ meeting just w/ ~~██████████~~^{+N} - ~~██████████~~
~~██████████~~ ~~██████████~~ ~~██████████~~
 CAN'T APPROVE IT

M. briefed P. upon return - ~~recommended~~ that we not do business w/ this Iranian - shady, no training, was not looking at our larger scope, but just arms.

NO ONE IN LONDON SUGGESTED LINK BETWEEN THE
~~Ab. one~~ ~~██████████~~ ~~██████████~~
~~██████████~~ ~~██████████~~ ~~██████████~~
 SOS TOWS & WEIN'S RELEASE.

G.S. came to M. ^{cab} in Oct. weekend before 24th & M suggested that he was thinking of resigning - M. told P. in late Nov. - Resigned Dec. 4., effective end of month.

Dec. ~~██~~ - M reported the London meeting to Pres.

NO DECISION BY USG TO GO FORWARD W/ AN ARMS

~~██████████~~ ~~██████████~~ ~~██████████~~ ~~██████████~~ ~~██████████~~
 RELATIONSHIP W/ IR WHEN M. LEFT U

M. came back in a fpr. to be contact w/ Iran in Man - was made aware of Funding in April.

illegible
 deleted →

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George Cane was along on trip: interpreter
Howard Tiesler.

Had a cake, but no Bolls. - N. brought the cake.

2 CIA communicators were along.

illegible deleted
unable to review

deal was a hostages

115916

INSTRUMENTS, OF MATERIALS

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had spare Hawk 2 parts w/ him 10

No sharing? Referring assistant, met w/ M on

11/16/1961

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George Lane
Cap. opposed ⁵⁰⁸upgrading towns - M. didn't oppose.

M. regretted the trip -- + said we should have made further to do w/ them. Went on then to come to us.
I - took the parts, we wouldn't give them back.

~~George Lane~~

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EX 6 NOV 85

BACKGROUND TO EVENTS OF NOVEMBER AND
DECEMBER 1985 RELATING TO ROBERT MCFARLANE

In his role as National Security Advisor, Mr. McFarlane was responsible for the coordination of all decision-making within the Administration on national security matters. In addition, because the President had transferred responsibility for arms control policy from the State Department to the National Security Council in the summer of 1983, Mr. McFarlane had principal responsibility for arms control. His overriding concern during November 1985 was therefore quite naturally the long-planned November summit between President Reagan and Soviet leader, Mikhail Gorbachev. Mr. McFarlane had determined some time prior to the summit that he would resign after its conclusion, and was especially hopeful that the summit would succeed and he could leave government on a positive note.

At the beginning of November, he traveled with Secretary Shultz to Moscow for pre-summit talks with General Secretary Gorbachev. On November 8, shortly after his return and in the midst of his preparations for the Geneva summit, Mr. McFarlane met in his office with David Kimche, who tried to persuade Mr. McFarlane not to resign. Mr. McFarlane does not recall whether Mr. Kimche mentioned at this meeting the possibility of Israel's again shipping arms to Iran, but does recall -- and has so testified -- that Defense Minister Rabin sought reaffirmation of the U.S. commitment to replenish Israeli arms when he met with Mr. McFarlane at the White House one week later, on November 15.

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under provisions of E.O. 12356
by K. Johnson, National Security Council

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Although Mr. McFarlane has testified that Defense Minister Rabin "may have" mentioned on November 15 an Israeli intention to ship HAWK missiles [5/11/87 Test., pp. 126-27], we understand that this was not the case and that Mr. McFarlane did not learn about HAWK missiles until a few days later, when he was in Geneva, probably from either Admiral Poindexter or Lt. Colonel North.

In any event, Mr. McFarlane's daily schedule shows that his November 15 meeting with Mr. Rabin lasted only ten minutes and was interrupted by a two-minute telephone conversation.^{1/} The meeting occurred on a day when some officials in the West Wing were attacking Mr. McFarlane for softening the language in a pre-summit speech delivered by the President on the Soviet Union the previous night [11/16/85 New York Times, p. 6], and followed on the heels of a pre-summit briefing.

The next day, Saturday, November 16, at approximately 8:00 a.m., Mr. McFarlane departed from the South Lawn for the trip to Geneva. Mr. McFarlane met for three minutes in his office with Secretary Weinberger before leaving. Secretary Weinberger stopped by to apologize for a Defense Department leak of a three-page private letter from Mr. Weinberger to the President on the purported dangers of continued U.S. adherence to the SALT II Treaty. The New York Times had printed a copy of the

1/ Mr. McFarlane also may have spoken to Mr. Rabin later in the afternoon by telephone.

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letter in full in that morning's edition.^{2/} The two men did not discuss Iran.

On Sunday, November 17, Mr. McFarlane appeared on NBC's "Meet the Press" from Geneva. For the remainder of the day he was completely absorbed by press briefings and final preparations for the scheduled Tuesday talks. Mr. McFarlane has testified repeatedly that he recalls receiving a telephone call at about this time from Mr. Rabin, who was in New York, and that Mr. Rabin requested assistance in connection with a shipment. The telephone call was on an open line, and arms were not discussed. Mr. McFarlane has testified, however, that he understood Mr. Rabin was referring to arms.

General Powell has testified that he did not receive a request to obtain information on HAWKS until at least Monday, November 18, after Mr. Rabin had telephoned Mr. McFarlane in Geneva and after Mr. McFarlane had placed Mr. Rabin in contact with either Admiral Poindexter or Lt. Colonel North, one of whom probably reported information about HAWKS back to Mr. McFarlane, apparently for the first time. General Powell has testified that either Admiral Poindexter, Colonel North, or Secretary Weinberger made the request to him for information about HAWKS. Mr.

^{2/} The Washington Post reported the next day that the leak was thought by some to have been designed to sabotage the summit, and in any event "brought into the open the bitter differences that have afflicted arms control policy throughout the Reagan administration." [11/17/85 Washington Post, p. A1]

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McFarlane has testified that he briefed both the President and Secretary Shultz on the transfer of HAWKS while they were in Geneva.

Secretary Shultz has contemporaneous notes of a November 18 conversation in Geneva with Mr. McFarlane about HAWKS. Apparently, neither Secretary Shultz nor the President had independent recollections in November 1986 of their discussions in Geneva about HAWK missiles; the Secretary's recollection seems to have been refreshed by the notes that were discovered in a review of his files. In any case, on that day, November 18, all three men were preoccupied with the next day's talks between President Reagan and Mr. Gorbachev. Mr. McFarlane also held a press briefing that day.

The talks began as scheduled on Tuesday, November 19, with a morning session on [REDACTED]

[REDACTED] The Gorbachevs hosted a dinner that evening for the Reagans, to which Mr. McFarlane accompanied the President.^{3/} Wednesday morning (November 20) was devoted to [REDACTED]

[REDACTED] and the evening, to a reception by the Swiss President, which was followed by another dinner.^{4/}

3/ The same day North wrote the letter seeking General Secord's assistance.

4/ Colonel North was corresponding with Admiral Poindexter during this time in Washington about logistical problems with the Israeli shipment.

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A joint U.S.-Soviet statement was released on Thursday, November 21. Both Secretary Shultz and Mr. McFarlane held news conferences, after which Mr. McFarlane accompanied the President to a meeting with NATO leaders in Brussels. Mr. McFarlane returned to Geneva that evening, and after giving a speech in Geneva the following morning, proceeded to Rome to debrief the Pope and then Italian Prime Minister Craxi, Defense Minister Spadolini, and Foreign Minister Andreotti. At 5:30 p.m. on Friday, November 22 [see Tower at B-33], at Colonel North's request, Mr. McFarlane contacted the Foreign Minister of a third country to ask him to permit an Israeli transshipment of equipment to Iran through the third country. Mr. McFarlane was not "pulled out of a meeting" with the Pope to assist Colonel North as some have reported; Mr. McFarlane did not meet the Pope until Saturday, November 23. [See 11/24/85 New York Times, p. 36]

Mr. McFarlane traveled that weekend to Paris to debrief President Mitterand, and held a press briefing. On Monday, November 25, the day the aircraft carrying the HAWKs departed the European country, Mr. McFarlane arrived in London and went directly to a meeting with Prime Minister Thatcher. A dinner with Lord Carrington followed the meeting. Mr. McFarlane returned to the United States from London on November 26, but stopped only briefly in Washington; he continued to San Francisco the same day (where he attended a birthday party for Secretary Shultz) and then flew to Santa Barbara the following day to join the President. Mr. McFarlane was obviously aware that no

- 5 -

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hostages had been released, and he wrote Colonel North during his brief stopover in Washington on November 26 that he was inclined to think Ledeem should be excluded from the initiative. [Tower at B-33 n.23]

Mr. McFarlane remained in Santa Barbara over Thanksgiving with the Presidential party. On Saturday, November 30, he drove to the President's ranch and delivered his letter of resignation to one of the President's military aides. On Sunday, December 1, Mr. McFarlane discussed his resignation personally with the President. Mr. McFarlane also expressed his concerns about the Iran initiative, and the President directed him to convene a meeting in Washington upon their return to evaluate whether the initiative should go forward.

The following day, Monday, December 2, Mr. McFarlane accompanied the President to Washington, D.C. via Seattle; they arrived together at the White House at about 9:00 p.m.

It became quickly known on December 3 that the President had accepted Mr. McFarlane's resignation. [See 12/4/85 Washington Post, p. A1] The Washington Post further reported that "McFarlane did not attend the National Security Council or the White House senior staff meeting. As an official put it, he simply 'disappeared' from policy discussions." On Wednesday, December 4, the President, Mr. McFarlane, and Admiral Poindexter held a joint press conference, formally announcing Mr. McFarlane's resignation and Admiral Poindexter's appointment as his successor. Colonel North sent a PROF message that afternoon

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to Admiral Poindexter on a private channel (without copying Mr. McFarlane) outlining a new proposed arms-for-hostages deal. [RCM Ex. 45]

On December 5, Admiral Poindexter scheduled a meeting on Iran. The meeting was held in the morning of December 7 at the Residence. The President, Secretary Weinberger, Admiral Poindexter, Secretary Shultz, John McMahon, Donald Regan, and Mr. McFarlane attended. The history of the Iran program was reviewed, and at Mr. McFarlane's recommendation it was decided that he should go to London to advise the Iranians that the U.S. would not agree to any plan involving the shipment of arms for hostages. Mr. McFarlane has testified repeatedly about his trip to London on Sunday, December 8. The discussions with Mr. Ghorbanifar were heated and wide-ranging. Mr. Ghorbanifar apparently complained about a lot of things, including the HAWKS the Iranians had received; however, the discussions were supposed to be prospective from Mr. McFarlane's point of view, and many of the things about which Mr. Ghorbanifar complained were foreign to Mr. McFarlane.

Mr. McFarlane returned to Washington that Sunday night. He flew to New York City from Washington the following morning on personal business. He arrived back in Washington later in the afternoon the same day to give an early evening address to the World Affairs Council. Mr. McFarlane does not believe he saw Colonel North's December 9 memorandum to Admiral Poindexter and himself [RCM Ex. 45A], in which North argued for continued arms

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transactions in an effort to save the hostages. Mr. McFarlane believes he would have recalled the memo if he had seen it because its proposals ran counter to his strong conclusion at the end of the London meeting. But Mr. McFarlane does recall Colonel North's warning that the hostages would die if the Iranian proposal were terminated.

At 10:30 a.m. on December 10, the President convened a meeting with Secretary Weinberger, Director Casey, Admiral Poindexter, Mr. Regan, and Mr. McFarlane. (Secretary Shultz was at a NATO meeting in Brussels.) Mr. McFarlane debriefed on the London trip. President Reagan later told the Tower Board that, at the December 10 meeting, Mr. McFarlane expressed no confidence in Ghorbanifar and recommended rejection of the latest Iranian plan. "The President said he agreed. 'I had to.'" [Tower at B-50] The possibility of the Administration's pursuing purely political discussions through other channels was ostensibly left open. [Id.]

In the following days, Mr. McFarlane began focusing more upon what he would do when he left government. He does recall that at some point Mr. Ledeen was pushing to have the CIA give Ghorbanifar another lie detector test, and recalls also discussing transition matters with Admiral Poindexter. But Mr. McFarlane's attention was clearly shifting. On December 16, he moved his office from the West Wing to the Old Executive Office Building. On December 20, he left for a skiing vacation in Utah. Although he remained on the payroll for another two weeks, he did

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not return to his OEB office except to clear out his personal effects. Mr. McFarlane was not involved in any late December or January discussions about findings, nor in the decision taken in January to begin shipping arms directly to Iran.

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TRANSCRIPT OF PROCEEDINGS

HSIC 021 /87

C O N F I D E N T I A L

UNITED STATES SENATE

SELECT COMMITTEE ON

SECRET MILITARY ASSISTANCE TO

IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF LT. COL. JOHN C. MCKAY**UNCLASSIFIED**

Partially Declassified/Released on 12-21-87
 under provisions of E.O. 12356
 by N. Menan, National Security Council

Washington, D. C.

Monday, April 6, 1987

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UNITED STATES SENATE

SELECT COMMITTEE ON

SECRET MILITARY ASSISTANCE TO

IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF LT. COL. JOHN C. MCKAY

Washington, D. C.

Monday, April 6, 1987

Deposition of LT. COL. JOHN C. MCKAY, called for examination pursuant to notice of deposition, at the offices of the Senate Select Committee, Suite 901, the Hart Senate Office Building, at 9:20 a.m. before WENDY S. COX, a Notary Public within and for the District of Columbia, when were present:

PAUL BARBADORO, ESQ.
Deputy Chief Counsel
Senate Select Committee
on Secret Military Assistance
to Iran and the Nicaraguan
Opposition

HENRY J. FLYNN
Investigator

ALSO PRESENT: KATRIN MCKAY

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2

C O N T E N T SWITNESSEXAMINATION

Lt. Col. John C. McKay

by Mr. Barbadoro

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1 PROCEEDINGS

2 Whereupon,

3 JOHN C. MCKAY

4 was called as a witness and, having first been duly sworn,
5 was examined and testified as follows:

6 EXAMINATION

7 BY MR. BARBADORO:

8 Q Colonel, my name is Paul Barbadoro. I am deputy
9 chief counsel to the Senate Select Committee. I hope my
10 questions will be clear to you. If they aren't, please let
11 me know. If I ask you something that you can't answer, just
12 tell me.

13 Why don't we begin by having you state your full
14 name, please.

15 A My name is John Cameron McKay.

16 Q Where do you work?

17 A I work at Headquarters, Marine Corps, Washington,
18 D.C.

19 Q You are a lieutenant colonel?

20 A I am a lieutenant colonel in the Marine Corps,
21 yes, sir.

22 Q Could you briefly describe the nature of your

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1 work?

2 A Yes, sir. I am an action officer in the plans
3 division, and I work primarily with elements of the defense
4 guidance joint strategic planning documents, special
5 operations forces, low-intensity conflict.

6 Q When did you first meet Lieutenant Colonel North?

7 A Sir, I don't know the exact date, but it was while
8 we were classmates at the Naval Academy. I would say it was
9 probably 1966.

10 Q I know you have already described to our
11 investigators some of the contacts you had with him over the
12 years. I want to focus on those contacts since January 1,
13 1984. Can you tell me, when did you see him first after that
14 date?

15 A Sir, to the best of my knowledge, I saw him in May
16 of 1985, saw him personally May of 1985, after that date.

17 Q Let me go back. Did you see him in December of
18 1984?

19 A No, sir. I talked to him on the phone, I believe,
20 in December of 1984.

21 Q What prompted that phone call?

22 A Classmates from the Academy, it was more of a

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1 social call, just say hello. I hadn't talked to him since I
2 had come out of El Salvador in 1983.

3 Q Did you call him?

4 A I believe I did, yes, sir. In fact, I will say I
5 definitely called him. He never called me,

6 Q During that call, did you discuss Colonel North's
7 activities in support of the Contra movement?

8 A To the best of my recollection, no, sir.

9 Q It was just personal matters?

10 A It was about our families. My comment to him to
11 the effect that if he ever came back to the Marine Corps,
12 that having been in such a high-priced environment, or such a
13 -- being exposed as much as he had been, he would find coming
14 back to the Marine Corps a real letdown. That was basically
15 the gist of the conversation.

16 Q Let's move ahead to May of 1985. Where did you
17 see him?

18 A I had called him, sir. When we physically met, we
19 met in his office in the Old Executive Office Building.

20 Q Where were you working at that time?

21 A At that time, I was a regimental executive
22 officer, First Marine Regiment at Camp Pendleton,

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1 California.

2 Q What brought you to Washington?

3 A I was to fill a quota or fill a billet for the
4 commander's drug and alcohol orientation course that was
5 being held in Washington at that time.

6 Q What caused you to go see Colonel North?

7 A Again, I had made a phone call, a mutual friend of
8 ours, a classmate, [REDACTED]

9 [REDACTED] Terry Murray, who is presently with the Senate
10 liaison. We had talked about that, and he said he really
11 wanted to see me, and we would have to get together, talked
12 about going out together and getting drunk. I think, if
13 I recall correctly, it was within 24 hours that I went over
14 to see him. The appointment was for 8:00 in the evening, and
15 I met him in his office, and the whole conversation took
16 place in his office.

17 Q Could you describe that conversation to me?

18 A Just parts of it. I came away with the impression
19 that for the first time since I had known him, that I was
20 dealing with a zealot here. His office looked like a combat
21 operations center in the sense that he had maps of Nicaragua
22 had a map of Managua, normal nonsense of broad-based arrows,

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1 grade attacks, that sort of thing. He showed me some
2 photographs of himself, mostly with various Contra leaders,
3 Hernandez was one of them, Colonel Hernandez. With Nicaraguan
4 kids, with refugees, but mostly with Nicaraguan soldiers.
5 His statement, which I believe he reiterated a couple of
6 times, was that we were going to be in Managua by Christmas.

7 But he was very much caught up with the Contra
8 thing. I made some comments that I had some problem with the
9 Contras, that they didn't have an ideological base, I thought
10 they were a paper tiger, and he proceeded to try to persuade
11 me otherwise.

12 Q Now, you had been assigned to El Salvador in 1981?

13 A Yes, sir.

14 Q What was your assignment there?

15 A I was the naval attache, sir, from 1981 to
16 December of 1982.

17 Q Could you describe what a naval attache in El
18 Salvador does?

19 A

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

I was not reporting exclusively on

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8

1 the Navy. The Salvadoran Navy is extremely small.

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PR-AC-1

2 [REDACTED]

3 [REDACTED]

4 Within three months of arriving in the country,

5 the ambassador was dealing directly and only with me on all

6 military intelligence matters in the country.

7 [REDACTED]

8 Q Who was the ambassador?

9 A Ambassador Dean Hinton.

10 MR. BARBADORO: May we go off the record for a

11 second; he is present.

12 (Discussion off the record.)

13 BY MR. BARBADORO:

14 Q Let's go back on the record. Colonel McKay, you

15 were describing your contacts with Ambassador Hinton. Please

16 continue.

17 [REDACTED]

18 [REDACTED]

19 the ambassador was using me for

20 all in-country military intelligence

21 [REDACTED]

22 [REDACTED]

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[REDACTED]

So I was doing a little bit different than what most naval attaches do.

5

6

Q Did you have any contact with any of the Contra leaders?

7

8

A No, sir, I did not.

9

Q Were you involved in any way in supporting or reporting on the Contras when you were in El Salvador?

10

11

A Not when I was in El Salvador then, sir. None of my reporting had to do with [REDACTED] except when [REDACTED]

12

13

[REDACTED] I was just very, very superficially aware of the Contra program at

14

15

that time. [REDACTED]

16

17

18

Q Going back to your conversation with Colonel North

19

in May of 1985, did you discuss your activities in El

20

Salvador with him during that conversation?

21

A I don't recall doing so, no, sir. I had on a previous meeting with Colonel North in January of 1982, but I

22

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1 was very much left with the impression in May of 1985,
2 whatever information that I could have provided Colonel
3 North, he was less than interested to listen to it.

4 Q Did Colonel North tell you anything specific about
5 his support for the Contra movement during that conversation
6 in May?

7 A Specific only in that I recall having seen it in
8 the press. He was talking about getting money for a
9 helicopter. He said that they were raising money from
10 private individuals and private organizations to support the
11 Contras. And, if I recall correctly, he specifically said
12 for non-military purposes.

13 Q Did he say what he was doing to raise funds?

14 A No, sir. He had mentioned that he had given some
15 talks, and that was all ~~that was said~~ specifically his
16 saying.

17 Q Did he say anything to you about raising funds
18 from third countries?

19 A No, sir, I do not recall anything of that nature
20 being discussed.

21 Q How long did this meeting in Colonel North's
22 office go on?

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1 A To the best of my recollection, sir, it was about
2 an hour and a half.

3 Q What happened after that?

4 A He said that he had an important meeting with some
5 people and that he had to go, and I just -- he walked me
6 down, and I left.

7 Q When did you next speak with Colonel North?

8 A Again, to the best of my recollection, it would
9 have been in May of 1986 when he came over to lecture at the
10 National War College, person to person. I may have talked to
11 him on the phone during my time at the National War College.

12 Q When were you at the National War College?

13 A I started in August of 1985 and graduated in June
14 of 1986.

15 Q How many times would you have spoken with him on
16 the phone between May of 1985 and your next meeting with him?

17 A Once or twice. In fact, I am not sure that I did,
18 because that was at the time -- this was when Dewey
19 Clarridge's name had come up. This is when the mining of the
20 harbors had taken place, the handbook had been published. I
21 remember at the time saying what an amateurish operation the
22 whole thing was. I had expressed to my wife and to some

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1 other people concerns about North's role in this. Again,
2 knowing him. If I -- I am not sure that I talked to him on
3 the phone between May of '85 and June of '86. I think the
4 only time that we talked is when he came over to lecture at
5 the National War College.

6 Q You say that Dewey Clarridge's name came up. Came
7 up where?

8 A It was the -- the first time I saw it was in an
9 article in the Wall Street Journal.

10 Q You are talking about coming up in the press?

11 A In the press, yes, sir.

12 Q Describe your meeting with Lieutenant Colonel
13 North in June of '86.

14 A It was just mere chitchat. He was with the
15 Commandant of the War College. He had finished his lecture,
16 came out, and put on the facade of old friends and slapped
17 the shoulders, how are you doing. We have got to get
18 together for a drink or dinner. I will give you a call, that
19 type of thing. That was all. He went on.

20 Q There was no substance of discussion about the
21 Contras?

22 A About the Contras or his lecture, which I thought

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1 was very controversial. But, no, nothing substantive.

2 Q What was his lecture about?

3 A Combat and terrorism. I felt he had gotten into
4 some extremely sensitive areas in an audience that shouldn't
5 have known about them.

6 Q When did you next meet with him?

7 A Next time I saw him was after he had been fired
8 from the NSC, and he came over, and he works in my office at
9 Headquarters, or he has a desk in my office in Headquarters,
10 Marine Corps.

11 Q What does he do there?

12 A Occupies a desk when he is not seeing his
13 counselor or seeing Mr. Walsh or some other people.

14 Q He doesn't have a specific assignment?

15 A He is doing some very, what I think are
16 insignificant things. He is playing around with some
17 things. The purpose being, all of our projects are fairly
18 long-term, and to put somebody on them and have them yanked
19 out, for whatever reason, would not be very beneficial. So
20 he is just doing little clean-up chores for us.

21 Q Has Colonel North ever said anything to you about
22 the events which led to his removal from the NSC Staff?

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1 A Only in very oblique terms, sir, in the sense that
2 they don't understand, you know, emotional terms, how many
3 thousands of people are going to die because the program is
4 going down the tubes. He has never talked about specifics.
5 Comments about the reporters being outside his house all the
6 time. He is sick and tired of the reporters, how he is being
7 sold down the river by the White House, comments like, guys
8 that he said were real close friends are really trying to
9 stick it to me now, things of that nature.

10 Q Did he ever tell you anything specific about his
11 activities on behalf of the Contras?

12 A I cannot remember him saying anything about
13 specific things that he had done on behalf of the Contras.
14 It was always in sort of the general, generic, "we sent," "we
15 were supporting them," "we were doing so well," this type of
16 thing. I don't recall him ever coming up and saying, "I did
17 this," or "I was trying to do that," or something like that.

18 Q Has he said anything about whether he was acting
19 on his own or whether he had approval for his actions by one
20 of his superiors?

21 A Again, only in very oblique terms. He said, "Wait
22 until I talk, and some heads are really going to roll. Wait

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1 until I talk, and they will see how it really was."

2 Q Did he say anything to you about his involvement
3 in the Iran arms initiative?

4 A No, sir. I think that I probably sort of pissed
5 him off because, again, we are talking about an article in
6 the paper. This would have been back in January. Again,
7 about the amateurishness of it. I made the comment to him,
8 something to the effect that, you know, when did you become a
9 Middle East expert. He took it personally, as I suppose I
10 meant it to be taken.

11 At any rate, he has never -- he has never talked
12 about that. He knows about my familiarity with the Central
13 American region, when he has talked, again, in very general
14 terms about that. But he has never talked about his trips to
15 Europe, the business [REDACTED] the only time he made a
16 comment was when Kir's picture appeared in the newspaper.

17 MR. FLYNN: Nir?

18 THE WITNESS: N-i, I am sorry, N-i-r. He said
19 look at this joker, he has got his own press agent. Maybe
20 that's what I ought to do. Again, he made sort of macabre
21 remarks about maybe I ought to go have to me what Casey had
22 done, take my brain out, and leave me alone. But, no,

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1 nothing specific about Iran, in the Middle East.

2 BY MR. BARBADORO:

3 Q Has he ever said anything to you about his
4 relationship with former Director of Central Intelligence
5 Casey?

6 A Only again in oblique terms. He has made the
7 comment a couple of times that "if they only knew what old
8 Casey knew." I think those are almost his exact words.

9 Q What was the context in which he said that?

10 A Both times it was in regard to a newspaper
11 article. One of them -- now I remember. One of them was the
12 confirmation hearings or the beginning of the confirmation
13 hearings for Gates.

14 Q The other --

15 A I can't recall what the article dealt with. Oh, I
16 remember now. It was the article on Elliot Abrams.

17 Q What article was that?

18 A The one in the Washington Post that said Elliot
19 Abrams had met with North and another individual that was not
20 identified in order to brief the then new ambassador of Costa
21 Rica about the opening of the southern front.

22 Q What prompted him to mention Casey when referring

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1 to that article?

2 A I had made the comment that the third individual,
3 who was not identified, I said, I know who that is. Oh, I
4 think I am pretty sure I know who that is, and did Casey send
5 it. And that's when he came up with "if only they knew what
6 old Casey knew."

7 Q Did he say anything else about Casey?

8 A He would not confirm or deny my suspicions of who
9 it was, the third unnamed official at those meetings. But he
10 did not say anything more about Casey, no.

11 Q What prompted him to refer to Casey when reviewing
12 the article about the Gates confirmation hearings?

13 A Because the article, that I had made -- the
14 comment was that the article speculated Gates's involvement
15 and knowledge of the Iranian/Nicaraguan affair, and how much
16 he may or may not know and how much Casey may have told him.
17 I can't recall the exact words of the thing, but it was -- of
18 the exchange. It was something to the effect that, you know,
19 I bet Gates knew a lot more than they are indicating and was
20 probably in Casey's hip pocket or something to that effect.
21 Then he came out, "if they only knew what Casey knew."

22 Q In that conversation, did he say anything else to

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1 you about Casey or what the Central Intelligence Agency may
2 have known?

3 A No, sir. If I recall, he went on and made some
4 less than complimentary comments about Gates, about being a
5 bureaucrat, not an operator, that sort of thing.

6 Q Has he ever talked to you about his relationship
7 with Bud McFarlane?

8 A Only in very glowing terms. Again, general
9 terms. "He was like a father to me." He talked to me after
10 he visited McFarlane in the hospital, after the attempted
11 suicide attempt, and said how bad it had hurt him, and
12 obviously it hurt McFarlane's family.

13 But as far as specifics about operations -- let me
14 go back, if I may, on the Casey thing. He claims to have
15 visited Casey twice in Georgetown Hospital. And the comment
16 there was simply that, you know, the old man's a vegetable.
17 Nothing that -- except on McFarlane. Again, I had known
18 McFarlane while he was in the Marine Corps, so the
19 conversation has been somebody of a mutual acquaintance
20 rather than any specific relationship while he was at the
21 NSC.

22 Q Did North say anything to you about what McFarlane

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1 knew about his activities on behalf of the Contras or his
2 involvement in the Iran arms initiative?

3 A If anything had been said, it would have been more
4 with the Contras, because the Iran thing, until it broke in
5 the press, I wasn't aware how much North was involved. The
6 Contras I suspected because of the visit in May of '85. In
7 fact, I believe I queried him at that time in May of '85, you
8 know, who the hell is letting you do all of this, how much of
9 this is is McFarlane aware of. Neither question did he
10 answer to my satisfaction.

11 Q Has he answered that question since that time?

12 A No, sir.

13 Q What has he told you about his relationship with
14 John Poindexter?

15 A He really hasn't. He has implied that it was less
16 than cordial, as it was with McFarlane, although he has never
17 said anything outright derogatory about Poindexter, except
18 that he is a very private man and that he may not have been
19 -- he did not say may not, that he was not aware of
20 everything that was involved.

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Q Have you ever met Richard Secord?

A No, sir, I haven't.

Q Have you ever met or spoken with Albert Hakim?

A No, sir, I have not.

Q Have you ever met or spoken with Thomas Clines?

A I don't believe I have, sir. I may have met him
once, but I am not sure.

Q When would that have been?

A It was while I was in El Salvador, sir. It would
have been here in Washington when I came out for
consultation, but I am not sure.

Q Have you ever been to Copenhagen?

A Yes, sir, I have.

Q When were you in Copenhagen?

A 1968, sir.

Q Have you been there since 1968?

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1 A No, sir, I haven't.

2 Q Have you been to Costa Rica?

3 A Yes, sir, I have.

4 Q When were you in Costa Rica?

5 A The first time I was in Costa Rica, sir, was in
6 February of 1986.

7 Q What prompted you to be in Costa Rica in February
8 of 1986?

9 A I was -- that was the time, during the time I was
10 a student at the National War College, and I had been
11 requested by the honorable Mr. Armitage to do a paper on the
12 impact of U.S. military maneuvers in Central America. Costa
13 Rica was one of the countries that I visited in the course of
14 doing the research for that paper.

15 Q Do you know Robert Owens?

16 A No, sir, except from the press.

17 Q Never met him?

18 A No, sir, I don't believe so.

19 Q Have you ever met or spoken with former ambassador
20 Tambs, the former ambassador to Costa Rica?

21 A No, sir, I have not.

22 Q Have you ever met the former [REDACTED]

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1 [REDACTED] who has been referred to in the press as Thomas
2 Castillo?

3 A No, sir, I have not. Not by that name, anyway. I
4 have been told that he is somebody else, and if that is
5 indeed who he is, then I have met him.

6 Q We will go into that later. Have you ever
7 negotiated with anybody to purchase or lease land in Costa
8 Rica?

9 A No, sir.

10 Q Have you been involved in any way in the
11 construction of an airstrip in Costa Rica?

12 A No, sir, I have not.

13 Q Have you ever met or spoken with Thomas Parlow,
14 the owner of the Danish ship, the Erria?

15 A Not to my knowledge, no, sir.

16 Q Have you ever been involved in any way in the
17 negotiation for the purchase or leasing of a ship in Denmark?

18 A No, sir, I have not.

19 Q Have you ever referred to yourself as "Bob
20 Olmstead"?

21 A No, sir, I have not.

22 Q Have you ever referred to yourself as

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1 "Mr. Olmstead"?

2 A No, sir, I have not.

3 Q Have you ever held yourself out to be a
4 representative of Olmstead Associates?

5 A No, sir.

6 Q Has anyone ever referred to you as any of those
7 people or as an associate of Olmstead Associates in your
8 presence?

9 A No, sir, they have not.

10 MR. BARBADORO: We will go off the record a
11 second.

12 (Discussion off the record.)

13 BY MR. BARBADORO:

14 Q We can go back on. Do you know Robert Earl?

15 A Yes, sir, I do.

16 Q Where did you meet him?

17 A The first time I met him was when we were
18 classmates at Marine Corps Commandant Staff College,
19 Quantico, Virginia. 1980.20 Q Have you had any contact with him since he was
21 assigned to the NSC Staff?

22 A Not while he was on the NSC Staff, no, sir.

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1 Q Have you seen him since he left the NSC Staff?

2 A Yes, sir, I see him on a regular basis.

3 Q Why is that?

4 A He is stationed at Headquarters, Marine Corps.

5 Q Doing the same kind of thing that Lieutenant
6 Colonel North is doing?

7 A Yes, sir.

8 Q Have you talked with him about his -- strike
9 that. Have you talked with him about the events that led to
10 his removal from the NSC Staff?

11 A No, sir. He has informed me that he won't talk
12 about it at all. He is even more taciturn than North.

13 MR. BARBADORO: That's all I have. Thank you.

14 (Whereupon, at 9:55 a.m., the deposition was
15 concluded.)
16
17

18 -----
JOHN C. MC KAY
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I, WENDY S. COX, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of the action.



Notary Public in and for the
DISTRICT OF COLUMBIA

My Commission Expires
November 14, 1987

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TRANSCRIPT OF PROCEEDINGS UNCLASSIFIED

UNITED STATES SENATE

SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

HSIC-0005/87

DEPOSITION OF JANE E. McLAUGHLIN

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4238

Washington, D. C.

Thursday, April 16, 1987

Partial/ Declassified
under provisions of E.O. 12812
by B. Abner, Assistant Attorney General

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UNITED STATES SENATE

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SELECT COMMITTEE ON

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SECRET MILITARY ASSISTANCE TO

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IRAN AND THE NICARAGUAN OPPOSITION

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DEPOSITION OF JANE E. McLAUGHLIN

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Washington, D.C.

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Thursday, April 16, 1987

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Deposition of JANE E. McLAUGHLIN, called for

9

examination pursuant to subpoena, at the Hart Senate Office

10

Building, Suite 901, at 9:55 a.m., before Michael G.

11

Paulus, a notary public in and for the District of

12

Columbia, when were present on behalf of the respective

13

parties:

14

TIMOTHY WOODCOCK, ESO.

15

W. THOMAS MCGOUGH, JR., ESO.

16

Associate Special Counsel

17

United States Senate Select

18

Committee on Iran and the

19

Nicaraguan Opposition

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- continued -

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THOMAS FRYMAN, ESO.

2

- Assistant Majority Counsel

3

KENNETH R. RUCK, ESO.

4

Assistant Minority Counsel

5

United States House of Representatives

6

Select Committee to Investigate

7

Covert Arms Transactions with Iran

8

HARVEY P. COHEN, ESO.

9

FRANK W. DUNHAM, ESO.

10

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C O N T E N T S

2 WITNESS

EXAMINATION

3 Jane E. McLaughlin

4 By Mr. Woodcock

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E X H I B I T S

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PROCEEDINGS

2 Whereupon,

3 JANE E. McLAUGHLIN

4 was called as a witness and, having been first duly sworn,
5 was examined and testified as follows:

6 EXAMINATION

7 BY MR. WOODCOCK:

8 Q Would you state your name for the record and
9 spell your name, please?

10 A Jane Esther McLaughlin, M-c-L-a-u-g-h-l-i-n.

11 Q Ms. McLaughlin, I am Tim Woodcock, and I am here
12 representing the Senate Select Committee. With me is Tom
13 McGough, who also represents that Committee. We are here
14 in our official capacities as associate counsel for the
15 Committee. The Committee is engaged in an inquiry in which
16 your testimony has been deemed helpful and material.
17 Therefore your testimony may well become a part of the
18 inquiry of this Committee and you should be aware of that.19 Also here, on behalf of the House, are Tom
20 Fryman and Ken Buck. They are also here pursuing their
21 Committee's mandate, and this an official inquiry from
22 their perspective as well.**UNCLASSIFIED**ACE-FEDERAL REPORTERS, INC.

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2 Ms. McLaughlin, let me start out by taking you
3 back in time and have you describe for the record the
4 circumstances under which you joined the Channell group.

5 A Do you want me to start at the beginning?

6 O Yes.

7 A When I was first interviewed, which was around
8 December 19, by Dan Conrad in the Hay-Adams Hotel, I had
9 learned about the American Conservative Trust from Steve
10 Whitener of the Leadership Institute. I was told that the
11 American Conservative Trust was looking for fund-raisers
12 and that they had another organization that did a lot of
13 work of Nicaragua and SDI. Being that these were my two
14 areas of major interest and concern, I pursued it.

15 I was interviewed by Dan Conrad, the executive
16 director. He was very impressed with my background. But
17 he did tell me in no uncertain terms that Spitz did not
18 believe women could raise money; he would have to work on
19 that; and he would get back to me.

20 I kept after him, and I was finally hired on
21 about January 10 and told to start January 15, which I did.

22 O When you started, Ms. McLaughlin, what was your
title and what were your responsibilities?

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- 2 A My title was project director, which is just a
3 fancy name for a fund-raiser, and my responsibilities were
4 to raise as much money as possible for a program about to
5 be launched called the Central American Freedom project.
6 O Having received these responsibilities, what did
7 you do?
8 A I was given a list of names, supplied to me by
9 Dan Conrad. I worked from what was called the senatorial
10 trust list.
11 O Do you know where that list came from?
12 A I never asked.
13 O What did the list consist of?
14 A The names of all the members of the senatorial
15 trust.
16 O These were prospective donors; is that correct?
17 A Yes. We were looking at them as prospective
18 contributors to our projects. I would call these people.
19 Initially I was told that the Central American Freedom
20 program would be launched by the President at a private
21 meeting in the White House, and we were looking for a
22 select group of people to finance the project and to come
to Washington to participate in this meeting.

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1 O Were you given a date for the meeting?

2 - A No. We were told it was going to be the end of

3 January. We were waiting for confirmation of the date by

4 the White House.

5 O Then what happened?

6 A I called people and I raised money. Lots of it.

7 O Were you given any particular figures to ask for

8 in soliciting people for this January meeting?

9 A Yes. A minimum of \$30,000. We were told to

10 explain to these people that this project was going to

11 involve a \$2.5 million budget and that we wanted to have

12 raised the first million so that we could launch the

13 campaign in all the key media markets across the country.

14 This involved television advertising and a speakers tour.

15 That the vote was coming up in March, and that it was

16 imperative to launch this educational and informational

17 campaign to rally the support of the American people for

18 the President's policies in Central America.

19 O Let me ask you to expand on a couple of things

20 you said.

21 Could you describe generally the purpose of the

22 Central American Freedom program for the record?

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2 A Would you like me to describe what were the set
3 forth objectives or what I believe the objectives of the
4 program were?

5 Q Why don't we start off with what you were told
6 the objectives were?

7 A You have a copy of the objectives in the
8 documents. It was basically to educate and inform the
9 American people on the threat of communism in Central
10 America and to rally their support for the President's
11 policy to aid the freedom fighters of Nicaragua. It was
12 done with television, spot messages that were placed in key
13 media markets. We were told to tell the people that they
14 were key media markets. What they were were congressional
15 opposition districts.

16 Q Can you describe what you mean by a
17 congressional opposition district?

18 A A district where a Congressman or a Senator is
19 opposed to the President's policy in Central America.

20 Q You also mentioned that this program involved a
21 speakers tour. What was that?

22 A The speakers tour consisted of people who worked
very closely with UNO and could speak on behalf of the

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mikepaulus 1 United Nicaraguan Opposition.

2 - O That is UNO?

3 A Yes.

4 They were sent around the country to some of
5 these opposition congressional districts to address local
6 auxiliary groups, religious groups, civic groups, and be
7 interviewed by the local newspapers and radio stations, to
8 generate editorial support.

9 O You also referred to the vote coming up. Will
10 you state for the record what vote that was as you
11 understood it?

12 A The vote on the President's military aid
13 package, \$100 million to the freedom fighters of
14 Nicaragua. It was scheduled for March 20.

15 O This is all 1986; is that correct?

16 A Yes. I started in January 1986.

17 MR. WOODCOCK: Off the record.

18 (Discussion off the record.)

19 MR. WOODCOCK: On the record.

20 BY MR. WOODCOCK:

21 O Did this meeting in January that you referred to
22 earlier actually take place?

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A Yes, it did. January 30th.

2 O What happened at that meeting?

3 A We went into the Roosevelt Room of the White
 4 House with approximately 15 to 20 contributors. I will
 5 tell you everyone that was present to the best of my
 6 recollection. David Fisher; Rich Miller; Ken Gilman, who
 7 was Dan Conrad's friend; Eric Olson, who was Spitz' friend;
 8 Eleanor McManus, Spitz' aunt; Spitz, Cliff, Dan, Jane, and
 9 Kris.

10 O When you refer to these names, could you give
 11 the entire name for the record?

12 A Spitz Channell, Dan Conrad, Cliff Smith, Jane
 13 McLaughlin, and Kris Littledale. None of the support staff
 14 was present.

15 O To put each person in his own category, Spitz
 16 Channell, Dan Conrad, Cliff Smith, Kris Littledale, and
 17 Jane McLaughlin all worked for the Channell group; is that
 18 correct?

19 A Yes.

20 O David Fisher is associated with IBC; is that
 21 right?

22 A Yes.

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O Are Richard Miller and Frank Gomez also

2 associated with IBC?

3 A Yes, but Frank Gomez was not present at this
4 meeting.5 O Who do you recall from the Administration was
6 present at this?7 A Linas Kojelis, special assistant to the
8 President; Linda Chavez; Elliott Abrams, under secretary of
9 State for Latin American Affairs; Donald Regan, chief of
10 staff; Lieutenant Colonel Oliver North of the National
11 Security Council; and the President. That's it.

12 O Could you describe how the meeting proceeded?

13 A It started with some opening comments by Linas
14 Kojelis. He welcomed the group and applauded our efforts,
15 and Linda Chavez said a few words. Elliott Abrams said a
16 few things. Lieutenant Colonel Oliver North spoke for
17 maybe 15 or 20 minutes and showed some slides. Then the
18 President came in and addressed us for about a half an
19 hour, applauding this organization's work. It was
20 basically a pep rally.21 O When you say this organization, which
22 organization?**UNCLASSIFIED**

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A The National Endowment for the Preservation of
Liberty.

2

3

Then we had our photograph taken with him.

4

O Did the Administration figures describe what

5

they felt the National Endowment for the Preservation of
Liberty was doing?

6

7

A Educating and informing the American people on
the threat of communism in Central America.

8

9

O Were they all saying this, or were just some of
them saying this?

10

11

A For the most part they were all saying this.

12

There was no deviation from that basis.

13

O Following the meeting in the Roosevelt Room what
happened?

14

15

A We went back to the Ray-Adams Hotel where our
contributors were staying.

16

17

O Let me back up. I have got a question from Tom
Fryman.

18

19

While these presentations were going on by the
Administration figures were the 15 to 20 contributors you
described also present?

20

21

A Yes. They sat at a very long table. I don't

22

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mikepaulus 1 know if you have ever been in the Roosevelt Room, but it is
2 a very intimate room. Long table with leather chairs.
3 It's very comfortable. And they all sat around the table,
4 the contributors.

5 Q Were they present throughout?

6 A Oh, yes. The purpose of the meeting was to have
7 them there.

8 Q Let's return to the period immediately following
9 the meeting at the Roosevelt Room. What happened then?

10 A We returned to the Hay-Adams Hotel and we had a
11 brief period for the contributors to return to their rooms
12 and freshen up, because we would be having a very lavish
13 private dinner.

14 Q When you say we returned to the Hay-Adams, who
15 returned to the Hay-Adams?

16 A The contributors and the staff.

17 Q The staff of the National Endowment?

18 A All the staff members that were present at the
19 meeting. We all returned to the Hay-Adams Hotel.

20 Do you want me to name those people?

21 Q The National Endowment for the Preservation of
22 Liberty staff all returned; is that correct?

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A Yes.

2 - O How about people like Richard Miller?

3 A I don't think they came back to the hotel, but
4 they came to the dinner afterwards.

5 O So this group adjourns to the Hay-Adams and
6 there is a period when they fresh up. What happens next?

7 A We have dinner. There was a cocktail time prior
8 to the dinner. The guest list was very long. There were
9 people there that I didn't even know, but I was asked to
10 recognize them later on from photographs that had been
11 taken. There was a photographer milling about throughout
12 the dinner and cocktail party.

13 IBC was present: Rich Miller, Frank Gomez, Steve
14 Schwartz; I think Jackie Clemens was there; and Jeff
15 Keffer; and all of IRC.

16 Penn Kemball was there; Bruce Cameron was there;
17 Bob Goodman and Adam Goodman of the Goodman Agency, who
18 produced our television messages.

19 There were a couple of ambassadors there.
20 Ambassador Sorzano of the Cuban American National
21 Foundation was a guest of mine; The Costa Rican
22 ambassador. I can't remember his name. And two other

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mikepaulus 1 ambassadors. Just people that we invited. We invited a
2 lot-of congressional people. That was the night, I think,
3 of the CPAC dinner. So everybody was over at that.
4 Congressional types were over at that, so they didn't come
5 to our dinner, unfortunately.

6 Ollie North was there and addressed us, just to
7 pretty much reiterate what had already been said but to
8 really rally the support of the people in this room to give
9 as much as possible to really see this program through to
10 its success.

11 Mario Calero was there. I think he said a few
12 words.

13 No references whatsoever to direct military
14 support. Afterwards things got a little different, but
15 during the dinner it was very much on the up and up.

16 O You recall Lieutenant Colonel North making a
17 statement and perhaps Mario Calero; right?

18 A I think he said a few words. I think he said
19 hello or thanks for all your help.

20 O Did anyone else make a presentation?

21 A Rich Miller, Adam Goodman and Rob Goodman.

22 Elliott Abrams was there. He and Ollie both came over. I

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don't think Elliott stayed for dinner, and I am positive

2 Ollie didn't stay for dinner. But they spoke. And Spitz,
3 of course. Fawn was there.

4 O Fawn Hall?

5 A Yes.

6 O Who was present among the 15 or 20 donors at
7 this dinner at the Hay-Adams?

8 A You want to know the contributors' names?

9 O Yes, as you can recall.

10 A Tom Claggett, Ralph Hooper, [REDACTED] Privacy

11 Mr. and Mrs. John Ramsey.

12 Do you want to know where these people are from?

13 O That's not necessary.

14 A Ellen Garwood; [REDACTED] Privacy

Privacy
15

[REDACTED] the late [REDACTED]

16 How many do we have?

17
Privacy
18

[REDACTED] Privacy

19 I am placing them around the table in my mind.

20 I will keep thinking about it. I think there is somebody
21 missing.

22 Privacy [REDACTED] I just remembered that.

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O All these people that you just named were also

2 present in the Roosevelt Room; is that correct?

3 A Yes.

4 I have photographs of the meeting. I am waiting
5 for them to be returned to me. They were borrowed by ABC
6 when I did an interview with them.7 O Did you have any responsibilities or obligations
8 during this follow-up dinner?

9 A Yes.

10 O Were there any particular people you were
11 supposed to seek out?

12 A My two contributors were Ralph Hooper and [REDACTED] Privacy

13 [REDACTED] Privacy

14 O What did you do with respect to those two
15 people?16 A My responsibility was to extract as much money
17 from them as possible. [REDACTED] Privacy presented me with a
18 check as we were leaving the White House. Ralph Hooper
19 sent his about ten days later. [REDACTED] Privacy was pretty much taken
20 from me at the meeting as far as further solicitations.
21 Because Dan had done a check in [REDACTED] Privacy on Washington
22 On-Line and found out that he is very politically active

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mikepaulus 1 with the conservative side of politics and reported that to
 2 Spitz, and Spitz then took [redacted] ^{Privacy} from me and talked to him
 3 himself.

4 O So you were left with Mr. Hooper; is that right?

5 A Yes.

6 O After [redacted] ^{Privacy} gave you the check did you
 7 take a look at it and see how much he gave?

8 A \$30,000.

9 O How much did Ralph Hooper give when he sent his
 10 in?

11 A \$30,000.

12 O Following the dinner at the Hay-Adams was there
 13 any activity, or did that close the evening?

14 A That pretty much closed the evening for me.

15 Oh, I forgot about [redacted] ^{Privacy} I think he was
 16 at the dinner. Yes, [redacted] ^{Privacy} He was definitely
 17 there. He was at the meeting and the dinner.

18 O You said that the close of the dinner closed the
 19 evening for you. Did it continue for others?

20 A I believe so. I think it continued for [redacted] ^{Privacy}
 21 [redacted] ^{Privacy} and Kris Littledale and Spitz, because I'm positive
 22 the following day [redacted] ^{Privacy} met with Ollie privately

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one on one.

2

- Q That would be Lieutenant Colonel North?

3

A Yes.

4

Q How did the meeting following the dinner with

5

Kris Littledale, Spitz Channel and [REDACTED] come to

6

your attention?

7

A I think Kris told me. It was quite obvious what

8

Spitz was trying to accomplish after the dinner. He tried

9

to accomplish it with [REDACTED] but [REDACTED] had

10

to leave that evening. He didn't even stay for the entire

11

dinner.

12

When I say trying to accomplish, I will explain

13

that. Spitz would go for the jugular. He would determine

14

that a contributor had a lot of money and could give a lot

15

of money to our cause, and he would just beeline for them

16

and find out whether they were potential Toys contributors,

17

find out their level of interest in direct assistance to

18

the freedom fighters. Often times he didn't even go that

19

far. He would just encourage them to meet with Lieutenant

20

Colonel Oliver North to discuss the needs of the freedom

21

fighters. That would lend the credibility that he would

22

need to get money.

23

Q You've covered a lot of ground. Let me back you

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mikepaulus 1 up and parse that a little bit.

2 You had described Spitz Channell's approach to
3 individual contributors. You are speaking now generally;
4 is that correct?

5 A Yes.

6 O That was based on your association with Spitz
7 Channell over the course of a year; is that correct?

8 A It became very obvious to me after a few weeks.

9 What exactly is your question?

Privacy

10 O Let me get down to the question of [REDACTED]

11 I am taking you back in time just to that evening; you
12 haven't had your future experience with the Channel
13 organization.

14 How did you know at that time what Spitz
15 Channell was doing with [REDACTED] Privacy

16 A I was told by Dan and Cliff and Kris that this
17 is how Spitz operated. I was told this from day one, that
18 we would basically find the fish and bring them to him and
19 then he would take over, because he had the ability to
20 extract much larger sums of money than we would, and that
21 he would be meeting privately with the contributor and
22 Colonel North; it would never be the fund-raiser. But

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mikepaulus 1 there was an exception made to that, as you will learn
2 later on.

3 After the dinner I can see it in my mind as
4 clear as day. Everyone had pretty much left the dining
5 room and had gone home or gone to their rooms and Spitz was
6 continuing to talk to [REDACTED] ^{Privacy} privately, and Kris
7 Littledale. I am 99 percent positive that the following
8 day [REDACTED] ^{Privacy} met with Colonel North privately.

9 Q Now I am going to ask you step back even further
10 in time.

11 Before the dinner at the Hay-Adams and before
12 the Roosevelt meeting, you just said that you were given a
13 description of Spitz Channell's modus operandi by Cliff and
14 Dan Conrad and Kris Littledale. That followed, I gather,
15 shortly upon your coming on board; is that right?

16 A Yes.

17 Q So before you even got to this dinner at the
18 Hay-Adams you already had a prior understanding as to how
19 Mr. Channell operated; is that right?

20 A Yes.

21 Q Did they also describe this relationship between
22 Spitz Channell and Lieutenant Colonel North?

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2 A No. It was never described to me. I was never
3 told how it came about. To this day I don't know when they
4 met or how they met.

5 Q I am not talking about that. I am talking about
6 that there was a relationship. Not how it evolved, but
7 that there was a relationship.

8 A In fact, I probably learned that my second day
9 on the job, because we have a tape of a conversation I had
10 with Ralph Hooper. I was in the process of inviting him to
11 this dinner and he -- it wasn't Ralph Hooper. It was [REDACTED] ^{Privacy}
12 [REDACTED]. This contributor who didn't come and didn't really
13 contribute anything asked who was behind this, and I didn't
14 know. I kept saying we're working very closely with the
15 President, because this is what I was told. You can tell
16 on the tape that I don't know.

17 I put the man on hold. I'm in the same room
18 with Kris Littledale, because we raise money together. You
19 can barely hear Kris, but you hear me asking, well, what am
20 I supposed to tell him? Who are we working with? What
21 names am I supposed to give him? Kris told me to say Ollie
22 North, Colonel North at the NSC. And I get back on the
phone and I say this to this man. Then I was later told

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1 never to do that again, that that was not to be discussed,
2 ever.
3 O Was that your first understanding that there was
4 a relationship between the Channell group and Oliver North?
5 A Yes.
6 O And that is within two or three days of your
7 coming on board?
8 A It would have been like the second day.
9 O Another ten days or so goes by before the
10 meeting on January 30; right?
11 A Right.
12 O Did you then in that interim period get more
13 information about the Channell group's relationship with
14 North?
15 A No. Not really. There are comments made,
16 references made, but I don't put it into perspective until
17 February when we set the stage for a private meeting with
18 Colonel North. It is really not until February that I
19 become familiar with the Toys project.
20 O On the subject of your phone call with
21 [REDACTED] ^{Privacy}, you placed him on hold and you turned to
22 Littledale for some guidance and he gave you the

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mikepaulus 1 information on North. You then testified that you were
2 told subsequently never to do that again.

3 A Yes. Because we relayed the conversation back
4 to Spitz.

5 I wasn't certain that Kris really knew that this
6 is what was to be said, because he hesitated. But this man
7 was pushing me for names and I didn't know what to tell
8 him. Spitz said if they want to know have them call me but
9 do not discuss our relationship with Ollie North to any
10 prospective contributors and never talk about him over the
11 phone.

12 Then, a couple weeks later I learned -- I can't
13 remember exactly when, but it would have been after the
14 meeting -- I would have heard reference to Green prior to
15 the meeting, in the two weeks that I was there. Reference
16 to Green was made from day one. I didn't really come to
17 fully understand who Green was or what Green was until
18 about February.

19 O We'll get into that in just a minute.

20 MR. COHEN: I don't think you have established
21 for the record what or who Green is.

22 MR. WOODCOCK: We haven't, but we will.

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BY MR. WOODCOCK:

2 - Q Green was a code name for North; right?

3 A Yes.

4 Q I gather this conversation on whether you were
5 supposed to use the reference of North or not was with
6 Spitz Channell himself.

7 A Yes.

8 Q Was that between you and Kris and Spitz
9 Channell?

10 A It might have been just between Spitz and me.

11 Q Returning to the matter of Mr. Channell's
12 solicitation of [REDACTED] ^{Privacy}, in watching that go forward
13 you had in your mind, I gather, this prior information that
14 you were told by Dan, Cliff and Kris.

15 A Yes.

16 Q Then you also testified that you are 99 percent
17 sure that [REDACTED] ^{Privacy} had a meeting with Colonel North the
18 following day. Could you tell us on what you base that
19 assumption?

20 A I am pretty sure Kris told me. Kris Littledale
21 and I were pretty close. In the beginning we were the only
22 fund-raisers. Cliff and Spitz raised money, but Cliff had

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mikepaulus 1 a private office and Spitz was never in the office. He
2 worked out of his home. So it was just Kris and I working
3 together.

4 Q Let me back up now to the subject of Lieutenant
5 Colonel North and the use of the code name Green. When did
6 you first come across the use of the term "Green"?

7 A Reference was made to it from day one. I can
8 recall references being made to the Toys project and
9 Green. I may have even asked in January. I don't recall
10 really knowing until February.

11 Q Let's proceed to that point. In February you
12 begin to get a greater understanding of the meaning of the
13 term "Green." How does that come about?

14 A We are in the process in early February of
15 setting up a meeting with Colonel North, who was code named
16 Green, a private military briefing, and we would be sending
17 out Mailgrams, which were subsequently sent on the 10th of
18 February. Kris pretty much explained it all to me. I
19 remember being told by Kris that we were the organization
20 working directly on behalf of the President and his
21 policies in Central America, providing direct military
22 support to the freedom fighters until Congress made up

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mikepaulus 1 their mind.

2 - O That conversation occurred some time in
3 February; is that right?

4 A I am going to go with February. There is only
5 one thing that makes me think that maybe something was said
6 but that it wasn't fully explained to me prior to February,
7 and that is a telephone conversation that I had with Ralph
8 Hooper in inviting him to the White House meeting on the
9 30th. We have a tape of the conversation. He makes a
10 comment: "Is this money to buy arms?" I said, "No,
11 absolutely not," and he said, "Because I'm not against that
12 either."

13 I remember when we had to send the tape over to
14 Spitz' house, because it was my first score. I got 30
15 grand. My third phone call. Kris said, "I can't believe
16 he said that. That's really good that he said that.
17 That's going to be important later on."

18 I think I later learned what he was referring
19 to. So some reference was made, but it was not fully
20 explained. I didn't come to terms with what it was all
21 about until February.

22 O So the Hooper conversation takes place some time

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mikepaulus 1 before the meeting on January 30; correct?

2 - A Yes.

3 O Then some time after the meeting on January 30
4 you and Kris Littledale have this discussion about how the
5 Channell network interacts with Lieutenant Colonel North;
6 is that correct?

7 A Yes.

8 O That conversation would have taken place no
9 later than February; is that correct?

10 A Absolutely no later than February.

11 O Let's go back to that conversation. How did it
12 happen that that conversation came about with Kris
13 Littledale?

14 A I think we had been told that we were going to
15 be having a briefing, and since Kris and I spent so much
16 time together Kris talked to me about it. He had been to
17 previous briefings in late 1985. Because Kris had been
18 there since August 1985. So he told me what it was all
19 about.

20 O Recount that conversation, if you would, please.

21 A He would tell me that we were working directly --

22 O He did tell you?

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A Yes.

2

- Do you want me to repeat what I just said?

3

O Yes.

4

A That we were the organization working directly

5

on behalf of the President and his policies in Central

6

America to provide direct military assistance to the

7

freedom fighters until Congress made up their mind, and it

8

was crucial to keep this very quiet; if the liberals were

9

to find out about the Toys project it would destroy the

10

policy all together; it was up to private citizens to pick

11

up the slack until Congress came to terms with the growth

12

of communism in Central America.

13

O Kris told you that it was important to keep this

14

quiet and explained that if the liberals found out about

15

the Toys project they would destroy it; is that right?

16

A Kris said it, Cliff said it, Spitz said it.

17

O I am concentrating on Kris right now.

18

Did he explain to you at the same time what Toys

19

meant, or did you already know what Toys meant?

20

A The Toys referred to the project to provide

21

direct military assistance to the freedom fighters.

22

O I am asking a little different question. Did he

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1 tell you what Toys meant during that conversation?

2 - A Yes.

3 O Could you then go on and describe how he

4 described his understanding of the Toys project?

5 A A project working directly on behalf of the

6 President and his policies in Central America to provide

7 direct military assistance to the freedom fighters of

8 Nicaragua until Congress made up their mind.

9 O That was his description of Toys; correct?

10 A Yes.

11 O In that conversation did that explain to you his

12 earlier reaction to your description of Hooper's

13 willingness to give money for arms, or did you already have

14 an understanding before that?

15 A This explained more.

16 O Did he bring up the Hooper conversation?

17 A I don't recall. I'm sure we talked about it.

18 He may have suggested that I send Ralph a Mailgram.

19 O I gather that at the same time he fully

20 explained to you the use of the term "Green"; is that

21 right? Or did he have to at this point?

22 A He didn't have to. I understood all of it by

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1 then. The way this office worked -- you may not fully
2 understand this, because you didn't work there. Everything
3 that we came to know was often implied. I would tell you
4 something but I would not tell you in very specific terms,
5 but you would come to understand by the intonation in my
6 voice, etc., etc. Oftentimes things would be said through
7 Dan or through Cliff that were actually the words of
8 Spitz. Cliff was Spitz' appendage. If Cliff said
9 something, it was coming directly from Spitz, and Dan and
10 Kris pretty much worked the same way.

11 O Let me back you up to your discussion with Kris
12 Littledale.

13 Did Kris himself, notwithstanding that you may
14 have already understood this, explain to you during that
15 conversation how Green related to Lieutenant Colonel North
16 and how North related to the Channell organization?

17 A It was explained to me that Green was the code
18 name we used for Colonel North in conversations among
19 ourselves, on the phone, in the office. We were never to
20 refer to Colonel North as Colonel North over the phone; it
21 was imperative that we keep this relationship very quiet;
22 if it were to be found out by every Tom, Dick and Harry, it

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mikepaulus 1 could really get in the way of the objectives of the Toys
2 project and our work on behalf of the President.

3 From that day forward I referred to Ollie as
4 Green.

5 MR. DUNHAM: Jane, did you understand that
6 Mr. Woodcock was asking you whether or not this explanation
7 of the need to refer to Colonel North as Green, that he
8 wanted to find out whether or not that explanation occurred
9 during the same conversation when Littledale was explaining
10 the Toys project to you?

11 THE WITNESS: How can you expect me to remember
12 the complete conversation of a year ago?

13 MR. DUNHAM: We understand that. If you don't
14 recall, just say you're not sure.

15 THE WITNESS: I learned these things from Kris.
16 I don't remember if they were in the same conversation.

17 MR. WOODCOCK: Let's go off the record for a
18 minute.

19 (Recess.)

20 MR. WOODCOCK: Back on the record.

21 BY MR. WOODCOCK:

22 Q Let's turn now to Dan Conrad. You said earlier

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mikepaulus 1 that Dan Conrad also gave you information on Toys and on
2 the Green relationship. Could you tell us how that came
3 about?

4 A I don't know what you mean by that. Do you mean
5 when did he talk with me?

6 Q What is your earliest recollection of Dan Conrad
7 bringing this to your attention?

8 A In the beginning of the year, in February, when
9 we were preparing for our military briefing with Colonel
10 North.

11 Q How did that happen?

12 A How did my conversations with Dan happen?

13 Q Right.

14 A He would address me on what we were preparing to
15 do.

16 Q What would he say?

17 A Dan didn't say much at all in reference to the
18 Toys project or Green. He would ask me how things were
19 going in getting people here for the briefing. He did not
20 go into detail about Green or the Toys project. Kris for
21 the most part did, with me. I spent most of my time with
22 Kris discussing the Toys project, what we were trying to

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2 do, how we were to screen potential contributors. Spitz
3 would sometimes sit down with me and help me to develop a
4 strong solicitation in screening contributors. Sometimes
5 Cliff would talk to me about how to do so.

6 Q I want you to go back to the question of Dan
7 Conrad. Did Dan Conrad ever talk to you in specific terms
8 about Toys or Green?

9 A Yes, he did. I don't recall when. I don't
10 recall exactly what he said, but among the five of us we
11 all discussed the Toys project and Green. Sometimes in
12 very general terms, sometimes in very specific terms.

13 Q So it is your testimony with respect to Dan
14 Conrad that you remember that he mentioned these topics to
15 you but you do not remember the substance of his
16 conversation beyond the topic; is that correct?

17 A Yes.

18 Q You also mentioned Cliff Smith as somebody who
19 would raise the question of Green or Toys. What is your
20 earliest recollection of having such a conversation with
21 Cliff Smith?

22 A I don't recall. I didn't spend a lot of time
with Cliff either.

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Q What do you recall at all about your

2 conversations with Cliff Smith on the subject of Green and
3 Toys?

4 A I remember him congratulating me when I
5 succeeded in getting Bill O'Boyle here and Bill O'Boyle in
6 turn gave \$130,000 and had met with Ollie privately. He
7 asked how it was going with other contributors, was I
8 having a difficult time screening them, was I finding
9 contributors who were responsive to what we were trying to
10 accomplish.

11 Q Did Smith himself specifically refer to Toys
12 during these conversations?

13 A Sometimes he would, sometimes he wouldn't.

14 Q Did he explain to you what he meant by Toys?

15 A No.

16 MR. WOODCOCK: Off the record.

17 (Discussion off the record.)

18 MR. WOODCOCK: Back on the record.

19 BY MR. WOODCOCK:

20 Q Ms. McLaughlin, what kind of instructions were
21 you given with respect to the Toys project and soliciting
22 contributors?

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A I was instructed to contact prospective

2 contributors to the Central American Freedom Program and
3 that would act as the front, I guess, in some ways to the
4 Toys project; I would talk to these contributors and I
5 would be able to determine just in the course of the
6 conversation whether they were really angry that Congress
7 was not taking a positive stand and supporting the
8 President; you could just determine by the things that they
9 would say that this person was definitely a potential
10 contributor to the Toys project or not; and if they would
11 make comments that would refer to sending the 82nd Airborne
12 down there and cleaning out the cancer and killing the
13 commies or something along those lines, that was to let a
14 little green light go off in our head, and we would
15 continue to move them in the direction of that conversation
16 and really find out whether this person is the kind of
17 person that would be able to support a project that is
18 providing direct military assistance to the freedom
19 fighters in a very secretive sort of way.

20 My two Toys contributors were Bill O'Boyle and
21 Bruce Hooper.

22 O You say you were instructed to go through this

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1 process with these contributors. Do you recall how it was
2 that you received these instructions?

3 A The instructions with regard to the screening
4 process were provided me by Spitz, Kris, and Cliff.

5 Q Was this all in a general meeting? Is that how
6 this comes out?

7 A No. Kris and I worked in the same area of the
8 town house together. He would make a call and then I would
9 make one, and we would help each other make the
10 solicitations and determine whether people were hot for
11 this project or not hot for this project.

12 Usually, the way it worked is Spitz would come
13 in late in the afternoon and we would all go for drinks, or
14 he would sit in the office upstairs and we would all come
15 into the office upstairs and sit around his desk and he
16 would talk with us about how things went that day, and he
17 would write notes on a board where you wipe things off.
18 It's not chalk. And we would receive more instruction from
19 him at that time. Sometimes I would be uncertain of how to
20 proceed and I would go back and talk with Kris in his
21 office and get some instruction from him.

22 Does that answer your question?

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mikepaulus 1

O Up to a point.

2

Before you picked up the phone and called your

3

first prospective Toys contributor you had received some

4

instructions on what to do; is that correct?

5

A Yes.

6

O From whom did you receive those instructions?

7

A The initial instructions?

8

O Right.

9

A From Spitz.

10

O Was that done at a group meeting or personally?

11

A I would have to say it was a group meeting.

12

Because Spitz and I didn't spend a whole lot of time one on

13

one until Bill O'Boyle came.

14

O In the pre-O'Boyle era you have a group meeting

15

with several other Channell employees and Spitz; is that

16

right?

17

A It was always just Spitz and Cliff and Kris and

18

I, since we were the fund-raisers.

19

O In giving you these instructions on screening

20

did he also tell you what the Toys project was all about at

21

that time?

22

A He never really had to. He would discuss it.

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mikepaulus 1 He would talk about it in terms of we were the organization
 2 working directly -- there was a lot of reiteration of that
 3 -- working directly on behalf of the President, working
 4 very closely with Ollie North to find those very select and
 5 highly patriotic Americans who would stand up in defense of
 6 freedom and democracy and provide the financial assistance
 7 to the Toys project in order to provide the direct military
 8 support of the freedom fighters?

9 Q Did he use the phrase "direct military support"?

10 A Yes.

11 Wait. This is the problem that I have had. I
 12 cannot remember Spitz ever using the term "military." I
 13 can remember him saying nonhumanitarian assistance, direct
 14 support. It was Kris and only Kris in the course of the
 15 year I spent with them who came out and referred to this as
 16 guns and mortars. Kris would use very specific military
 17 terms.

18 Q So your recollection of what Spitz Channell
 19 would have said, he would have used terms like
 20 "nonhumanitarian assistance" or "direct support"; is that
 21 correct?

22 A Yes.

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O Did he at the same time direct you towards

2 people whom you just described as wanting to kill commies
3 or bring in the 82nd Airborne or whatever the case may be?
4 Was that done in this presentation as well, in your
5 instructions?

6 A Do you mean directing us to specific people?

7 O Before you picked up the phone and called your
8 first prospective Toys contributor you had this
9 presentation by Spitz Channell. In that presentation you
10 recall he might have used terms like "nonhumanitarian aid"
11 or "direct support."

12 A Okay. There is something missing here. We
13 would call always to discuss the Central American freedom
14 program. It was ongoing from January until, I think, June,
15 because the vote took place and passed in the House June
16 25th. So it was ongoing until that time. So it is as if
17 we would be calling always on the Central American freedom
18 program with in the back of our mind reserving the green
19 light that we should take the opportunity to discuss how
20 people really feel about this issue and where they stand in
21 support of the freedom fighters and how strong their
22 position is, etc. And if we would learn that, we would

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mikepaulus 1 then take them in the direction of determining whether this
2 is a person who should be sent a Mailgram or talk to them
3 about an upcoming private military briefing with a high
4 level national security official: "would you be interested
5 in coming?" That's the way it worked.

6 Have I explained that?

7 O I understand that. But how does that relate to
8 Toys? Did you have a connection in your mind between that
9 kind of screening process and the Toys project?

10 A Most definitely. In determining whether these
11 people were kill the commie types, these were also the
12 people that would be sent a Mailgram to be invited to this
13 private military briefing, and the purpose for coming to
14 the private military briefing was to find people for the
15 Toys project.

16 O Before you called your first Toys contributors
17 you were familiar with the term "Toys"; is that right?

18 A Yes.

19 O Was that partly based on the briefing by Spitz
20 Channell that you described?

21 A It wasn't calling my first Toys contributor.
22 That is not the way it worked. They weren't set aside

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1 mikepaulus 1 initially from any other prospective contributor to our
2 Central American freedom program. It was just taking them
3 one step further.

4 Q Let me stop you right there. Presumably you
5 were given some instructions on at least determining that
6 kind of information from a prospective contributor; right?

7 A Yes.

8 Q Was that done at a briefing with Channell? How
9 did you get the information that led you to seek that kind
10 of information from a prospective contributor?

11 A We, the fund-raisers, were given this
12 information. Kris and Cliff were already familiar with
13 this, because they had already attended Green briefings.
14 We were in the process of setting up a private military
15 briefing. I think it was scheduled to be March 10, and we
16 were sending out Mailgrams that started being sent out
17 February 10. So I was given specific instructions. We
18 didn't want people coming to this briefing who were not
19 kill the commie types. We were only to invite people that
20 we really believed would be potential contributors to the
21 Toys project.

22 Q Focusing on the kill the commie types as part of

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mikepaulus 1 your screening, where did you come by that? Was that at a
2 meeting or did you pick that up by osmosis? How did that
3 happen?

4 A I was told how to screen contributors by Spitz.

5 O Is this the meeting that you described earlier
6 in your testimony where these words of implication
7 "nonhumanitarian assistance" were used?

8 A We met with him every day. He came into the
9 office in the afternoon just about every day. This was all
10 that we were working on. So he would either be focusing in
11 on contributors for the placement of the ads, getting money
12 for the placement for the ads. He would talk about that.

13 Or he would talk about getting money for the
14 Toys project and how much was needed. And he had just met
15 with Ollie this morning and this is what he had learned.
16 And we need to have a briefing and we're going to have a
17 briefing in March, so we are going to send out Mailgrams --
18 "how are you doing with that?" "You have to remember,
19 Jane, Kris and Cliff, that in talking to your contributors,
20 talking to these potential contributors, you don't want to
21 discuss openly what we are doing, because you don't know
22 where these people really stand. You don't know if they

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1 mikepaulus 1 have an ability to keep this quiet. We have to be very
2 careful.

3 He would just be very specific: "When you talk
4 to these people you will know if this person is truly a
5 patriotic American. You will know if this person is truly
6 anticommunist and wants to stop the war in the Central
7 America and having Central America be established as a
8 communist beachhead."

9 This is how he would talk to us. And we would
10 learn from things that he would say how we were to go about
11 our solicitation.

12 Q Rather than focusing on any particular meetings,
13 you had daily meetings with Channell or nearly daily
14 meetings. In these meetings collectively was Channell
15 using the terms "direct support" and "nonhumanitarian aid"?

16 A Yes.

17 Q From your recollection collectively from these
18 meetings, was he also connecting this notion of direct
19 support and nonhumanitarian aid to the Toys project?

20 A Yes.

21 Q I gather from what you are telling me that this
22 particular set of meetings that you are referring to were

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mikepaulus 1 to prepare you to solicit people for the March 10 meeting;
2 is that right?

3 A Yes. And then there were subsequent lunches and
4 dinners and drink times. Because we had another briefing.
5 There were two briefings held in the spring, April 16 and
6 March 27.

7 Q Ms. McLaughlin, are you familiar with the term
8 "Santa's list"?

9 A Yes, I am. It's funny that you should ask
10 that. I remember Cliff -- I'm positive that he was
11 standing by Angela's desk and he said something to --

12 Q Angela Davis?

13 A Angela Davis. This was at our town house on
14 Capitol Hill.

15 Q Is that the headquarters for the National
16 Endowment for the Preservation of Liberty?

17 A Was. 305 4th Street, N.E. All the
18 organizations were in the same building, same office.

19 This would have been probably even before the
20 January 30 meeting. I remember Cliff giving instructions.
21 It's very vague, but I remember him saying something about
22 Santa's list. But certainly in the entire time that I was

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mikepaulus 1 there there was never any reference to Santa's list being
2 for toys for the rebels' families and their children. We
3 never worked on anything like that. The only program that
4 we had that that would have been even remotely similar
5 would have been our Food for Freedom project in August,
6 when we were raising money for food.

7 O In this event that you just described with Cliff
8 Smith and Angela Davis, do you recall Cliff going beyond
9 the use of the term "Santa's list" and saying what Santa's
10 list was?

11 A No. I didn't ask him. I just remember the term
12 being used. I think he was giving instructions to Steve
13 McMahon, because Steve was sitting in the kitchen. That
14 was our accounting office. He was giving instructions for
15 Steve to prepare something, a printout for Santa's list.
16 That was the only time that it came up. I remember that
17 one reference -- actually I remember two. I take that
18 back. Spitz said at some time in the very beginning that
19 Santa's list was being abolished; we weren't going to be
20 working on Santa's list anymore. And I never asked.
21 Because we weren't working on it, I never bothered to ask
22 what Santa's list referred to, but I certainly do not

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mikepaulus 1 recall ever hearing that Santa's list referred to toys for
2 children, and I never heard the Toys project referred to as
3 that by anyone. Never, ever.

4 Q On the phone calls that you made with respect to
5 this meeting which was at that time scheduled for March 10,
6 who did you call?

7 A It was scheduled for March 10, but it wasn't
8 held on March 10.

9 We sent Mailgrams out the 28th of February, and
10 it was to be held March 10, but it wasn't, because the vote
11 was coming up and I think we wanted to wait until after the
12 vote.

13 I was continuing to call. This was to be sort
14 of a secondary project. While it had tremendous
15 importance, the purpose for our calls was to raise money
16 for the Central American freedom program, and we were to
17 also use that as an opportunity to determine where people
18 stood. We wouldn't have called somebody up and said "do
19 you feel like killing commies in Central America?" We
20 would have to have some basis from which to work, and that
21 basis was establishing our credibility with the Central
22 American freedom program.

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1 I talked to a lot of people. I know that I sent
2 a lot of Mailgrams out to people that I didn't talk to, ^{Private}
3 that I couldn't get through to. For instance, [REDACTED]
4 is Hispanic. I focused on a lot of Hispanic wealth in this
5 country, because I expected that Hispanics would be one of
6 the first people to respond to something like this, because
7 it is literally saving their own people in many cases. I
8 went after a lot of Cubans, because they had already been
9 through it.

10 Q Do you recall anyone that you solicited who
11 responded to your effort to find out whether they would
12 support something like sending in the 82nd Airborne?

13 A Yes. Bill O'Boyle. I would have spoken to him
14 on March 26.

15 0 March rather than February?

16 A Yes.

17 0 What did that conversation consist of, as you
18 recall?

19 A He was a referral from a contributor in Texas.
20 I always made it a practice to ask people if they knew of
21 others who would be interested in the work that we do. I
22 called Bill and finally got to talk with him the day before

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1 our meeting. I was talking to him about the Central
2 American freedom program and he was telling me all about
3 himself and his position, etc. Actually, he offered money
4 without me even soliciting him. He offered \$10,000 just
5 out of the blue, and I thought, my Lord, I've got a live
6 one here. I guess I'd better follow this up.

7 I could tell just by things he was saying that
8 he was very concerned with the spreading of communism in
9 Central America and didn't feel that we were addressing the
10 issue adequately. I said, "It just so happens we're having
11 a military briefing with members of the National Security
12 Council. Perhaps you would be interested in coming."

13 He was very interested. He flew down the next
14 day. I picked him up at the airport.

15 I think there were only three potential
16 contributors at this briefing, and I think they were my
17 three potential contributors. I don't remember any other
18 contributors but my own.

19 We went to the OEOB. I got his clearance
20 information. I had gotten it the previous day. We went to
21 the OEOB and we got cleared. And then we went to a
22 conference room. For some reason I remember the Indian

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1 Treaty Room. There was a slide projector and a screen set
2 up.. One of Ollie's assistants, a young marine, brought in
3 the slides. The executive staff was present.

4 Q The executive staff of NEPL?

5 A Dan, Spitz, Cliff, Kris and myself, any my three
6 contributors. Wait a second. There were two other
7 contributors there. I know why I didn't remember, because
8 they couldn't come to the dinner. That's what it was.

9 [REDACTED] I can't remember his
10 name. They're local. It was a husband and wife. [REDACTED]

11 [REDACTED] I'm positive they were at that
12 briefing.

13 Q Do you recall the other contributors who were
14 present? Bill O'Boyle would be one.

15 A Bill O'Boyle. [REDACTED] and he is the
16 chairman of [REDACTED] here in Washington. [REDACTED]
17 [REDACTED] and he is an Hispanic consultant.

18 The briefing itself was the only important thing
19 that I recall being said. Ollie himself never said
20 anything that referred to direct military assistance. One
21 comment that he did make, and he made it at this briefing
22 and he made it at the subsequent briefing. One of the

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mikepaulus 1 contributors would ask a question, something referring to
2 their needs, something that would be more specific. I
3 don't remember exactly who the contributor or what the
4 question was. I just remember very distinctly Ollie's
5 response, and that was in a very casual way he would say,
6 "Well, there are a lot of things that I cannot discuss on
7 this side of Pennsylvania Avenue but that will be addressed
8 by my friend Spitz later on." Meaning the other side of
9 Pennsylvania Avenue in the Hay-Adams Hotel, because after
10 these briefings we would always go back and have dinner in
11 a private suite in the hotel.

12 O Let me ask you a couple questions to clarify
13 this meeting. The briefing was conducted by Lieutenant
14 Colonel North; is that correct?

15 A Yes.

16 Q Your reference to the question coming from one
17 of the contributors as to what their needs were referred to
18 the needs of the Nicaraguan opposition; is that correct?

19 A Yes, the freedom fighters. Yes. I think in one
20 case the question was specific to money. I can remember
21 Ollie just sort of smiling and then casually saying, "Well,
22 there are a lot of things I can't discuss on this side of

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mikepaulus 1 Pennsylvania Avenue." I remember that as clear as day.
 2 It's strange how things just stand out so perfectly.
 3 That's what he said, verbatim.

4 MR. DUNHAM: Jane, was it clear the question
 5 related to money for weapons? Was it in the context of a
 6 part of the briefing where North was talking about the
 7 tremendous advantage that the Nicaraguans had over the
 8 contras with regard to Russian equipment?

9 THE WITNESS: Yes. Because he would really go
 10 into detail about the Soviet military power in Central
 11 America. It was natural progression that one of these
 12 contributors would ask something about, well, how in the
 13 heck are the freedom fighters going to combat communism in
 14 Central America? It was almost as if he was setting the
 15 stage for what we would then be doing after the briefing at
 16 the Ray-Adams.

17 BY MR. WOODCOCK:

18 Q Let me ask the same kind of question in a
 19 different way. Would he in his briefings for prospective
 20 Toys contributors get into the help that was being provided
 21 by NEPL by virtue of humanitarian assistance or TV ads or
 22 that sort of thing?

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mikepaulus 1

2 A No. He would refer to what a great job we were
3 doing and how important what we were doing was to the
4 President and to the freedom fighters. He never defined
5 what it was.

(Exhibit No. 1 marked

for identification.)

(Document handed to witness.)

BY MR. WOODCOCK:

9 O Ms. McLaughlin, do you recognize that document?

10 A Yes, I do.

11 O What is it?

12 A It's a Mailgram that I sent out to [REDACTED]

Princ →

13 [REDACTED] inviting him to a
14 private meeting on Nicaragua here in Washington.

15 O Was that a reference to the meeting that you
16 just described?

17 A Yes.

18 O Was this meeting that you just described where
19 Lieutenant Colonel North provided a briefing of the
20 Nicaraguan situation known as a Green meeting?

21 A Yes. In fact, you will probably see it written
22 as Green meeting in Angela's book.

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mikepaulus 1 O Are you referring to her scheduling book?
 2 - A Yes.
 3 O What happened following the briefing?
 4 A We left the OEOB and went back to the
 5 Hay-Adams. We went to a private suite with a beautiful
 6 view of the White House. The television screen was set up
 7 and there were promotional packets on everybody's chair for
 8 the National Endowment. It would include story boards for
 9 the television ads that we placed, and it would include a
 10 bio of sorts on Spitz and a bio on the National Endowment
 11 and copies of all the letters that we had received from the
 12 President; a tax deductibility statement. That's about it.
 13 Rich Miller and Frank Gomez were at the dinner.
 14 Jeff Keffer may have been there.
 15 O Were all the contributors there?
 16 A Yes. It was just three. It was my three
 17 contributors.
 18 O [REDACTED] ^{PRIVACY} were not there?
 19 A No. And I'm not real positive on the [REDACTED] ^{PRIVACY}
 20 attending this briefing, but it seems to me that they did.
 21 I remember they definitely didn't come to the dinner, and
 22 I'm pretty sure it was this briefing.

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1 O You do recall them coming to some briefing; is
2 that right?

3 A There were only two. So it was either the March
4 27th or April 16th.

5 O Was there a presentation made at this dinner?

6 A Spitz spoke, but it wasn't the kind of
7 presentation where he would be behind a podium or anything
8 like that. He did stand up, and maybe Dan stood up, and
9 said we would like to show you some of the ads that we have
10 recently prepared that are going to be run in the key media
11 markets, etc.

12 The interesting thing that transpired prior to
13 our actually sitting down to dinner was we had an
14 opportunity to have some drinks and mill about. The whole
15 staff was there. To fill up the room, if nothing else.
16 Kris Littledale had an opportunity to chat with Bill
17 O'Boyle. He comes over to me and discretely says, "Well,
18 Bill O'Boyle just offered another 20 grand. I think you've
19 got a live one here. You'd better tell Spitz. I think
20 he's good for the Toys project. He's good for Toys."

21 So I went over and told Spitz and Spitz then
22 arranged for Angela to change the seating assignment so

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1 mikepaulus 1 that he would be seated next to Bill O'Boyle. We had these
2 2 really nice name cards that had our names and the
3 3 contributors' names in calligraphy on one side and then a
4 4 quote by the President on the other side: "You can
5 5 accomplish much if you don't care who gets the credit."

6 6 The cards were changed so Spitz was seated at ^{Privacy} [redacted]
7 7 the same table with Bill O'Boyle, me, ^{Privacy} [redacted]
8 8 [redacted] and it was either Kris or Cliff, one of the
9 9 two. It might have been both. I think it was just Cliff.

10 10 We had dinner and we saw some of the ads.

11 11 O These are the TV ads that NEPL prepared but
12 12 which hadn't aired yet?

13 13 A Yes. Some hadn't aired. Some had just been
14 14 produced.

15 15 I can remember Spitz chatting with Bill, and I
16 16 am supposed to be chatting with ^{Privacy} [redacted] who wasn't
17 17 responding to anything I was saying. So I was more in tune
18 18 to what Spitz was doing with Bill O'Boyle, because he was
19 19 literally taking my contributor and I wanted to know what
20 20 was going on. He sat there.

21 21 After we went through dinner Spitz said some
22 22 things that led the conversation in the direction of how

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mikepaulus 1 can we expect these young men and women to -- I think I
 2 remember. We had shown one of the ads that focused on the
 3 HIND Mi24 helicopters.

4 O Those are the Soviet helicopters?

5 A Yes. The most powerful gunships in the world
 6 flying about Nicaragua. He then made reference to "how in
 7 God's name can we expect these young men and women to
 8 combat communism when they have got to deal with this kind
 9 of military power?" So he would say things that would lead
 10 the conversation in this direction.

11 O Did O'Boyle respond to this?

12 A Yes, he did. He was angry. Spitz knew
 13 immediately. It was just so obvious. He leaned over -- I
 14 had one ear glued to their conversation -- and he said,
 15 "Perhaps you'd be interested in meeting with Colonel North
 16 privately and discussing this more in detail." Bill said,
 17 "Yes, I would."

18 So it was arranged and the very next day they
 19 met.

20 O Did Channell pretty well concentrate that
 21 evening on O'Boyle and no one else?

22 A Yes.

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2 O You just said the following day there was a
3 meeting involving Lieutenant Colonel North. How did that
4 come to your attention?

5 A I think they met in the morning. Dan came back
6 to the office and I asked if he had heard anything yet,
7 because I hadn't gotten a call from Spitz, and Dan said to
8 me, "I think it went real well. You should be proud of
9 yourself. Congratulations. I think it went real well."

10 O You understood that to be a reference to the
11 meeting with Lieutenant Colonel North; is that correct?

12 A Yes.

13 O Did you ever receive any confirmation that that
14 had occurred beyond what Dan Conrad said?

15 A Yes. Bill O'Boyle popped up at our offices
16 three days later.

17 O Could you tell us what happened when Mr. O'Boyle
18 reappeared?

19 A He came to the office. I answered the door.
20 And I was shocked. He came totally unannounced. It was
21 literally three days later, the 31st of March. It was a
22 Monday morning, and there he was. I was just shocked. He
seemed very nervous. He said, "I have something for you

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mikepaulus 1 and I wanted to hand deliver it." So I asked him to come
2 in and he hands me a check in the amount of \$130,000 made
3 out to the National Endowment for the Preservation of
4 Liberty. I called Spitz immediately at home. Spitz tells
5 me to give the check to Steve and have it deposited in the
6 Toys account.

7 Q Steve McMahon?

8 A Yes. Little did he know that Steve was not in
9 the office. He didn't really know that Steve had a helper,
10 who was Phil Meo. So I gave the check to Phil Meo.

11 Spitz told me to ask Bill if he would have lunch
12 with Spitz, meet him at the Hay-Adams, and that I should
13 take him over to the Hay-Adams and stay there with him
14 until Spitz arrived, and not to discuss anything, to have a
15 casual conversation.

16 So I followed his instructions and took Bill to
17 the Hay-Adams. Spitz was late, as usual. Bill ordered
18 lunch. A very odd thing for him to order after just giving
19 us \$130,000 for what I believed and what he believed was
20 direct military assistance. He ordered steak tartar. I'll
21 never forget that. Raw meat.

22 Then Spitz came and that was my cue to leave.

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1 Q So you were not present beyond the initial
2 introduction or reintroduction?

3 A I stayed with him there for maybe a half an
4 hour, because Spitz was late. I remember ordering a salad
5 and just waited until he got there. All he did was talk
6 about the work that he does and his family. Nothing with
7 regard to his meeting with Ollie or anything like that.

8 Q Let me back up on a separate point just to make
9 it clear on the record. Were Steve McMahon and Phil Meo
10 both accountants for Channell?

11 A No. Steve McMahon was the accountant for
12 Channell, and his affiliated organization. Phil Meo was a
13 friend of Steve's who was hired just to do some
14 bookkeeping. Phil is not an accountant, does not have any
15 accounting background whatsoever. He just needed a job and
16 Steve needed some help.

17 Q So he was functioning as a bookkeeper?

18 A Yes.

19 Q And that is why you took the check to Phil Meo?

20 A Yes. Steve wasn't in the office. Phil was, in
21 a reasonable facsimile thereof of an accounting department.

22 Q Did you discuss with Channell after he returned

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mikepaulus 1 from lunch or at any time subsequent to this lunch what
2 happened with O'Boyle?

3 A No, I did not. He thanked me, and I was given
4 credit for the \$130,000. It was really Dan who told me
5 that things went real well and they were going up to New
6 York to meet with Bill.

7 Q This is following the lunch?

8 A Yes. This was that week. I think they went up
9 to meet with him in New York. Because then some strange
10 things happened. I remember that afternoon I wrote Bill a
11 really nice letter and sent him a copy of Shirley
12 Christian's book Nicaragua, and he wrote me a letter back
13 thanking me for the book and looking forward to seeing me
14 in the near future and working with us. The next thing you
15 know he sends a Mailgram to Spitz saying "I can't have
16 anything to do with your organization anymore. I've done
17 all the fund-raising I can do. I've helped all that I
18 can."

19 When I asked Dan about this, I said, "Well,
20 obviously Spitz went for the jugular and it backfired."
21 which happened with [REDACTED] ^{Prusky} as well. Dan said,
22 "Well, he's the kind of contributor that is hot and cold,

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mikepaulus 1 and he's cold right now, but he'll be hot again soon."

2 - O Did you have another briefing with Lieutenant

3 Colonel North in April?

4 A Yes. April 16th.

5 Q When were you first given a notice that that was

6 in the works?

7 A After the March 27th briefing we were to prepare

8 for the April 16th briefing.

9 O Were you given similar instructions to try and

10 screen people for this briefing?

11 A Just to continue doing what we had already been

12 doing. Spitz had been encouraging me to get Ralph and

13 Bruce Hooper down to one of these briefings. Ralph wasn't

14 interested. Even after saying that he wasn't against

15 buying arms, I guess we learned that he didn't want to put

16 his money where his mouth was. But his brother certainly

17 was interested, who later came to a briefing one on one

18 that I took him to.

19 O I gather that Bruce Hooper and Ralph Hooper were

20 both contacted with respect to this April 16 meeting; is

21 that right?

22 A Yes.

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Q And yet neither could make it; is that right?

2

- A Neither could make it. Both were sent a

3

letter. We gave them an option actually, because we were

4

going to have two briefings in April, one on April 16th and

5

one on the 23rd, and the 23rd was canceled.

6

Q Did you solicit anybody who showed up at this

7

April 16 meeting?

8

A Yes. I solicited a referral that I had gotten

9

from [REDACTED] and the referral was [REDACTED]

10

He is a big businessman on Long Island. He has all kinds

11

of different businesses. [REDACTED] had told me that he thought

12

[REDACTED] would be very interested in the work we were doing.

13

I invited him through a Mailgram, because I was never able

14

to speak with him, and he came down to Washington for that.

15

Who else did I have here? [REDACTED] who

16

had already given us \$5,000 toward the Central American

17

freedom program. Spitz wanted me to cultivate him as a

18

Toys contributors and get him here, because he's a very

19

wealthy Texan. He did come, finally.

20

Q Had you already identified [REDACTED] as a

21

potential Toys contributor or were you directed to him by

22

Channell?

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A He was very supportive of the President's

2 policies and a hard-line conservative and felt that the

3 freedom fighters needed a lot more than they were getting.

4 I think that [REDACTED] ^{Privacy} would have wanted to do everything

5 legally.

6 Q Did you know that or were you directed to him by

7 Channell, or was it a combination?

8 A I knew that, because I had been talking to

9 [REDACTED] ^{Privacy} for quite a while. He was the contributor that

10 referred me to Bill O'Boyle. I think I tried to even get

11 [REDACTED] ^{Privacy} to come to the March 27th briefing, but his schedule

12 wouldn't permit. So I finally got him to come to the April

13 16th. Spitz had definitely told me that he wanted me to

14 cultivate him, to get money from [REDACTED] ^{Privacy} and get him to be a

15 contributors to the Toys project.

16 Q Was this based on what you told Channell? Did

17 you share with him your insights into [REDACTED] ^{Privacy}18 A No. He knew of [REDACTED] ^{Privacy} prior to this time. In

19 fact, I think they tried to get him to come aboard as a

20 contributor and they weren't successful. So when I got him

21 to come aboard it was then -- there were a couple of other

22 contributors like that that they had trouble with that I

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mikepaulus 1 brought aboard, and then Spitz wanted me to get more from
2 them.

3 Q I gather this briefing on April 16 actually
4 occurred; is that right?

5 A Yes.

6 Q Do you recall who was present at the briefing?
7 Were you present at the briefing?

8 A Yes. It was very similar to the March 27th
9 briefing. It was held, I'm pretty sure, in the same room.
10 I don't recall the other contributors that were present. I
11 recall my contributors that were present: [REDACTED] ^{Privacy}

12 [REDACTED] ^{Privacy} There were other contributors of the
13 other fund-raisers. I don't remember their names. Nobody
14 gave any significant money. Nobody met the following day
15 with Ollie, because I would have heard about it.

16 Q I gather that, as with the prior briefing,
17 Lieutenant Colonel North provided the slide show and maybe
18 narration; is that correct?

19 A Yes. It was almost identical. He even made the
20 same comments.

21 Q That being the one "there are things I can't
22 talk about"?

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A Yes.

2 - It was Kris Littledale's contributor who asked
3 the question. What the heck is his name? He asked a very
4 specific question. He's a Washington guy. I can picture
5 him. It will come to me. But he was the contributor who
6 asked the question, because it was very pointed. It was
7 almost as if he was playing devil's advocate. All of us
8 got that impression. You could see the strain in Dan's
9 face and Cliff's face, because this question just seemed so
10 out of context.

11 Q Do you recall how the question was framed?

12 A No, I don't. I just remember that the question
13 was very specific as to raising money for direct military
14 support. It was just asked in a way that seemed more in
15 opposition to that than proposing it.

16 MR. DUNHAM: What was the answer?

17 THE WITNESS: The answer was, "Well, there are a
18 lot of things that I can't discuss on this side of
19 Pennsylvania Avenue."

20 BY MR. WOODCOCK:

21 Q Do you recall what stage of the briefing
22 Lieutenant Colonel North was at? Was there anything in

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mikepaulus 1 particular that prompted this question?

2 - A I don't recall. I would have to say it was
3 probably about the time that he was really discussing in
4 detail Soviet military power, the amounts of money coming
5 in through the Soviet Union via Cuban and the Eastern Bloc
6 nations, the amounts of money funneled in through terrorist
7 groups, Ghadafi and through Libya. He was discussing all
8 that in very specific terms. I am pretty sure that is when
9 the question was posed.

10 Q Let me run a couple of names by you and see if
11 you recall whether these people were present at the
12 meeting.

13 Ellen Garwood.

14 A No.

15 Q How about Thomas Clagett?

16 A No. They were only present at the meeting on
17 January 30th.

18 Q Following this briefing was there again the
19 usual dinner at the Hay-Adams?

20 A Yes. This was the dinner where Spitz was
21 discussing in very specific terms transport planes. He
22 didn't say what for. He just said there had been a recent

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invasion by the Sandinistas of [REDACTED]

2

[REDACTED] and they had lost, I

3

think, two transport planes as a result of that invasion.

4

So that was discussed by Spitz very openly.

5

There must have been six contributors there.

6

For the life of me I can only remember my two and then Kris

7

Littledale's contributors. So there were three more, and I

8

don't remember who they were. But I remember Spitz saying

9

"we need \$600,000 to buy these transport planes and there

10

are six of you here, so I hope that you all be able to help

11

accordingly." [REDACTED] ^{From [REDACTED]} looked at me and he said in

12

Spanish, "That's \$100,000 each. That will be no problem."

13

Of course I was ecstatic, but that never materialized. He

14

disappeared the following morning and we never heard from

15

him again.

16

Q Did he ever make a contribution?

17

A No. Smart man.

18

Q Following this briefing on April 16, I gather

19

that you began to develop a relationship with Bruce Hooper.

20

A No. It happened prior to that. I had developed

21

a relationship with the Hooper brothers. Much more so with

22

Bruce. I had gone back to Ralph for more money for the

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mikepaulus 1 Central American Freedom program, because we were really
 2 beefing up the advertising prior to the March 20th vote,
 3 and Ralph said, "Well, I can't help anymore, but why don't
 4 you call my brother?" That's when I started talking with
 5 Bruce. Bruce subsequently sent \$15,000 for the Central
 6 American Freedom program, and then I just started talking
 7 with him. Bruce and I hit it off. He's a really neat man.

8 Q So following the briefing on April 16 you
 9 continued to have contact with Bruce Hooper; is that right?

10 A Yes. I wanted to try to get the two of them.
 11 And then there were two other brothers. They have a family
 12 foundation. Spitz really wanted the family brought on
 13 board because he wanted access to this foundation, and the
 14 only way that you could get a lot of money from the
 15 foundation was if there was consent by all four of them.

16 " Bruce and Ralph were the only politicians of the
 17 four brothers, Ralph being much more closely tied to the
 18 Republican Party and Bruce being much more closely tied to
 19 the issues. I wanted them to come to these briefings, and
 20 they weren't able to. But I talked with Bruce maybe once a
 21 week, once every two weeks. Pretty frequently.

22 Q Did there come a point when you did succeed in

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mikepaulus 1 interesting him in coming to Washington?

2 - A Well, he called me to say that he was coming
3 down. When I told Spitz this, he said, "Well, fine. We're
4 going to arrange for him to meet with Ollie." I told Bruce
5 this. That was probably one of the only times that I
6 actually said Colonel North. I was given permission to let
7 him know that we were arranging for him to meet privately
8 with Colonel North.

9 Q Who gave you permission?

10 A Spitz.

11 Q Therefore you used North's name on the phone in
12 your discussion with Hooper; is that correct?

13 A Yes.

14 He came down to Washington April 29.

15 Q When he arrived in Washington you met him at
16 Union Station; is that right?

17 A Yes. He always takes the train from
18 Philadelphia.

19 Q What happened then?

20 A It's what happened even prior to his arrival.
21 Spitz called me very early in the morning and told me that
22 he would not be able to take Bruce to see Ollie, that I

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mikepaulus 1 would have to do it, and I was to call Fawn immediately and
2 give her the clearance information. I, of course, was
3 ecstatic, because none of the fund-raisers was ever given
4 that opportunity, and I, being his only female fund-raiser,
5 considered it a great honor that I was being allowed to do
6 this before any of the guys.

7 Q So what happened?

8 A I picked him up at the train station. We went
9 to the OEOB and we met with Ollie in his office.

10 Q I gather you were present throughout this
11 meeting.

12 A Yes. I sat on the couch.

13 Q Could you describe what happened at the meeting?

14 A They hit it off instantly. Bruce is a former
15 marine. They talked about where Bruce had been stationed
16 and what battles he fought in, or whatever. The beginning
17 of the meeting was marine talk. Ollie talked with Bruce
18 quite a bit about the Soviet military power, the advantages
19 that the Sandinistas had had as a result, and he went over
20 a lot of things and would make reference to "a lot of this
21 information, unfortunately, is critical, but you never read
22 about it in the press; you only read about the other side."

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Q This is North speaking?

2

- A Yes.

3

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22

He had like half of a stenographer's notebook, spiral note pad, and there was all kind of pencil writings in this note pad, and he was leafing through it, talking about how the humanitarian aid had run out, how the last aid ran out the end of March, and that even if this vote does go through, which he anticipated would but he didn't know when, they were really going to be without a lot of what they needed.

He made reference to specific needs with regard to what would be considered humanitarian, boots and clothing and soap and food, to sustain them. I don't recall Ollie making any reference to what they needed militarily. Certainly not in specific terms, but most definitely in general terms with regard to how in God's name can we expect these young men and women to fight against communism when this is what they're up against.

Q Did Hooper react to this presentation.

A It was very emotional. Ollie is very

emotional. He would sometimes cry, and he would bring you into his delivery. He definitely had that effect on

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mikepaulus 1 Bruce. Bruce, of course, is a highly patriotic American
2 and believes in standing very tall and very proud and very
3 firm in defense of freedom and democracy.

4 Q What happened after the meeting?

5 A After the meeting, which lasted about 45 minutes
6 or so, Bruce and I walked across Lafayette Plaza to the
7 Hay-Adams where I took him for lunch. As we were
8 approaching the Hay-Adams Bruce asked me, "How does this
9 work? How does this all get through? How do you
10 accomplish this? How are you able to help them?"

11 Q You took him to be referring to NEPL; is that
12 right?

13 A Yes.

14 Q Did you respond to that?

15 A I did, to the best of my knowledge. I wasn't
16 really sure, but I told him what I believed was the way it
17 worked, and that was to say, "Bruce, Ollie has a liaison in
18 Central America who let's him know what the freedom
19 fighters need, and he in turn lets us know how much money
20 we need to raise. We raise the money. It then goes
21 through an intermediary and the needs are met."

22 Q Did you at some later point seek confirmation as

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mikepaulus 1 to whether what you told Hooper was accurate?

2 - A Yes. I had to report everything back to Spitz
3 that afternoon after I left Bruce, after lunch, and I told
4 him verbatim what I said, and he said, "That was very
5 good. That's what you should have said."

6 And Spitz had told me that I should get a
7 minimum of \$100,000 from him.

8 Q Then what happened? Did you hear from Hooper
9 again?

10 A Yes. Spitz wanted to know if he responded, and
11 I said, "Well, he's going to get back to us within the next
12 ten days." I felt very positive about him helping us. He
13 wrote Spitz a letter actually saying that he had a very
14 stimulating morning in the company of Colonel North and
15 Jane McLaughlin.

16 Q That was a reference to the meeting you just
17 described?

18 A Yes.

19 Then he called me, or I called him, I guess, to
20 find out what he was up to, and he told me that he was in
21 the process of gathering the support that I requested, that
22 we, the organization, requested, and that he would be able

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mikepaulus 1 to send me something within ten days. Then he sent a
2 letter with the money, \$100,000, and asked that Ollie
3 contact him to let him know what he was going to do with
4 it.

5 Q Let me ask you to concentrate for a minute on
6 the \$100,000. Was that a check?

7 A A check made out to NEPL.

8 Q How did he know to make it out to NEPL? Was
9 that from talking to you?

10 A Yes.

11

12

13

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Kepaulus 1

(Exhibit No. 2 marked
for identification.)

2

3

(Document handed to witness.)

4

BY MR. WOODCOCK:

5

Q Do you recognize this?

6

A Yes, I do. This is the letter I just talked
about.

7

8

Q That is the letter that Mr. Hooper sent to you
that accompanied the \$100,000 check; is that correct?

10

A Yes.

11

Q In that letter Mr. Hooper asks you to have Ollie
contact him to let him know what Ollie is going to do with
the money. What did you do with that request?

13

14

A I told Spitz and Dan.

15

Q Do you know whether there was any contact made?

16

A No, I don't. I know that a letter went out to
Bruce from Ollie, which was a standard letter that was sent
to the Toys contributors and to others that were ardent
supporters, or that we wanted to encourage to be supportive
of this. I don't know if he was ever called. I just was
told that it was taken care of, and I was told that by Dan
Conrad. In fact, he makes note of it in here?

22

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Q In his notes?

2

A Yes. "Call Bruce Hooper re \$100,000 and how it

3

will be used."

4

(Exhibit No. 3 marked

5

for identification.)

6

(Document handed to witness.)

7

BY MR. WOODCOCK:

8

Q Is this the document that you just referred to

9

when you were saying Dan made reference to this?

10

A Yes.

11

Q You take that to be Dan Conrad following up on

12

the information you gave him about Hooper's interest in

13

having a call from Oliver North; is that right?

14

A Right.

15

Q The \$100,000 that you received with the letter,

16

you took that to Phil Meo; is that correct?

17

A Yes.

18

Q Did you tell him to put it in any particular

19

account?

20

A The Toys account.

21

(Recess.)

22

MR. WOODCOCK: Back on the record.

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BY MR. WOODCOCK:

2 Q Ms. McLaughlin, on the subject of Mr. Hooper,
3 let me take you back to your telephone conversations with
4 him and your other contacts with him. What was it in your
5 contacts with Bruce Hooper that led you to believe he would
6 be a likely contributor to the Toys account?

7 A His strong, strong support of the President's
8 policy of military support for the freedom fighters, of
9 providing the freedom fighters with what they need to
10 combat communism; they can't fight against the Sandinistas
11 with Band-Aids and butter; they need something a little
12 stronger than that.

13 Q Did he respond in kind with any kind of remarks
14 like the ones you described earlier about people who would
15 say send in the 82nd Airborne or that sort of thing?

16 A Similar comments. He had a very strong position
17 on supporting the freedom fighters.

18 Q Do you remember any particular remarks that he
19 made in that vein?

20 A Not that I remember a comment having originating
21 from something he said. He just went along with things
22 that had been said by basically my other Toys type

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1 kepaulus contributors.

2 Q Does that also apply to your meeting with him
3 following the briefing by Lieutenant Colonel North?

4 A Yes.

5 Q Was the conversation continuing in the same vein
6 of the inability of the opposition to fight with Band-Aids
7 and butter?

8 A Yes.

9 Q Do you have any specific recollection of
10 anything he said at that time?

11 A Just that he believed that Congress was hemming
12 and hawing around and that they were not taking this as
13 seriously as they should be; this involved a threat to our
14 national security; it was so much closer than anything else
15 that involved a threat to our national security; it was
16 something in our backyard. He was upset with all of the
17 comments made trying to compare Nicaragua with Vietnam,
18 versus Ralph, for instance, being more interested in
19 waiting to see what Congress would do. It was obvious to
20 me that Bruce perhaps would be the kind of patriotic
21 American who would support this privately.

22 Q Congress was providing humanitarian aid.

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1 A It had run out.

2 Q To the extent Congress was providing anything,
3 it was humanitarian aid. When you say Ralph Hooper was
4 waiting for Congress to do something, that was more than
5 just humanitarian aid; is that right? Is that what you
6 understood?

7 A Waiting for Congress to pass the President's
8 request for \$100 million in military and humanitarian
9 assistance.

10 Q Bruce's position, as opposed to Ralph, was that
11 he was not content to wait until Congress did that; is that
12 correct?

13 A I sensed that he was not content, and the money
14 that he provided us with verified that.

15 Q Let me move you ahead in time a bit,
16 Ms. McLaughlin, to August of 1986. Do you recall at that
17 time being notified in your office that ties between the
18 Channell group and International Business Communication had
19 terminated?

20 A Yes. A memorandum was put on each of our
21 desks. I didn't see that in your package of documents.

22 Q But you do recall seeing such an item?

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2 Q Was that termination of relationship explained
3 to you at all?

4 A No, not really, and as far as I'm concerned it
5 was cosmetic. Things were getting very, very sticky about
6 that time in August, because the aid package had been
7 passed and Congressman Michael Barnes of Maryland was a
8 leading opponent to the President's aid package and was
9 instrumental in subsequent investigations into Ollie's
10 activities. So it was a really sticky time.

11 0 How did that relate to IBC?

12 A IBC was the conduit for the money that we raised
13 for the freedom fighters. There were investigations going
14 on into Ollie's activities and we worked closely with
15 Ollie, and the money was disbursed through IBC.

16 Q So you are at this point putting two and two
17 together. Did anybody at this point tell you that this was
18 what was going on?

19 A No. The ties weren't broken, though.

(Exhibit No. 4 marked
for identification.)

(Document handed to witness.)

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Kepaulus 1

BY MR. WOODCOCK:

2 Q Do you recognize Exhibit No. 4?

3 A Yes.

4 Q What do you recognize it to be?

5 A Part of an analysis that I did on my

6 contributors.

7 Q Do you recall approximately when you might have
8 put that together?

9 A In November.

10 Q Of 1986?

11 A Yes.

12 Q You have a reference at the top of the page to
13 contributions after green meeting. I take it that refers
14 to meetings with Colonel North.15 A These were five questions that Dan Conrad asked
16 me to answer, five categories he asked me to address in
17 this analysis, and this is the first page, I think.

18 Do you have the other pages?

19 Q Let me just concentrate on this page.

20 The terminology that is used in these five
21 lines, does this come from you or from Conrad?

22 A It's from Dan. He wrote them down on a piece of

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1 Kepaulus paper and then I copied them and then gave him the original
2 and kept a copy of my analysis. To the best of my
3 knowledge, he asked Kris to do the same thing. I don't
4 know if Kris ever did.

5 Dan was trying to determine how we were able to
6 bring in X amount of dollars from so many contributors and
7 not from other contributors, and the analysis proved and he
8 later made comments that we obviously were able to bring in
9 the most amount of money after Green briefings, and so
10 therefore we would be having another briefing on December
11 10th on terrorism in Central America. Of course Ollie was
12 unable to attend because he had been fired. So that never
13 got off the ground.

14 Q Before we get to that, let me keep you in
15 August, if I may.

16 Do you recall also in August of 1986 having an
17 encounter or a meeting with Alfonso Robelo?

18 A It was either the end of August or the beginning
19 of September.

20 Q What do you recall about that?

21 A Alfonso and I are very good friends. I was not
22 happy with the organization; I was not happy with the work

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1 that we were doing, because we were now starting to focus
2 on political ads and I wasn't in agreement with the kinds
3 of political ads they were going to be running, and I had a
4 lot of questions as to the activities of the organization.
5 I wanted to be working more on Nicaragua and more closely
6 with UNO, and specifically the Robelo faction of UNO.
7 Alfonso and I had talked about this and he agreed that it
8 would be very helpful for me to be working more directly
9 with UNO as a liaison of sorts.

10 Q Liaison between UNO and what?

11 A The UNO leaders would come in contact with
12 people in their travels who wanted to help them, wanted to
13 support them in various and sundry ways, and they didn't
14 have an organization fashion of keeping in touch with these
15 people. Alfonso felt that I would be excellent for this.
16 I speak the language fluently. I'm talking about fellow
17 Nicaraguans, fellow Central Americans, Mexicans that they
18 would come in contact with.

19 Q This would be outside of your employment with
20 NEPL; is that right?

21 A We were going to try and work it that it would
22 not be outside my employment. It would be more like on a

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1 kepaulus consulting basis. He knew that Spitz would never give the
2 okay, because Calero wouldn't want to upset Spitz in any
3 way. It never got off the ground. Calero would never want
4 to do anything that would upset Spitz, and it would have
5 upset Spitz, so it never materialized.

6 I had dinner with Alfonso and we were talking
7 about how we were going to discuss this with Dan and try
8 and get this materialized. I remember asking Alfonso point
9 blank: "Are we the organization providing the most direct
10 assistance to the freedom fighters?" He said, "Do you mean
11 like Singlaub?" and I said, "Yes" and he said, "No." He
12 said, "Absolutely not." He said, "You people help us a lot
13 with the ads and some of the lobbying that you do."

14 I was stymied by that response. I did not bring
15 up to him we had been working on this Toys project. I
16 didn't speak of it with him. But I then started to do some
17 very serious investigating.

18 Q That was inconsistent with your understanding
19 that the money was to be used for military assistance; is
20 that correct?

21 A Totally inconsistent. Yes.

22 Q Let me move you forward in time now to election

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1 kepaulus 1 eve at the Willard Hotel. Do you recall going to the
2 Willard Hotel on that day?

3 A Yes, I do.

4 Q What happened there?

5 A It was supposed to be a party to celebrate the
6 return of the Reagan revolution. It didn't quite happen
7 that way, unfortunately. It was in a couple private suites
8 in the Willard. A lavish party. They had televisions set
9 up to monitor the election results, and maps and all kinds
10 of paraphernalia, and booze and alcohol. They spent a lot
11 on that.

12 Q This is NEPL?

13 A Yes. I think it was probably jointly. Probably
14 NEPL participated financially. Attack and Sentinel.

15 Q Those are also Channel organizations?

16 A Yes. I raised money for all of the
17 organizations.

18 Q Do you recall who was present at this gathering?

19 A Yes. The entire staff.

20 Q Of NEPL?

21 A Yes. When I say staff, I mean anybody that
22 worked for Spitz. I raised money for NEPL, I raised money

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1 for Western Goals. There was no breakdown in who worked
2 for whom.

3 Q Do you also include people like Angela Davis
4 when you say the whole staff was there?

5 A Yes. Support staff as well as executive staff.

6 Q Angela Davis was Channell's secretary; is that
7 right?

8 A Yes.

9 Eleanor, his aunt; Eric Olson, his friend.

10 Q Channell's friend?

11 A Yes.

12 And then a whole clan of their friends.

13 Q Channell and Olson's friends?

14 A Yes. There were maybe six or seven of them.

15 Fawn Hall and her parents; Ollie's wife and

16 their eldest daughter; Rich Miller and his wife.

17 I don't think Frank Gomez was there.

18 Q Was David Fisher there?

19 A No, David Fisher wasn't there.

20 Jackie Clemens was there; Jeff Keffer was there;

21 Raphael Flores, Ernesto Palatsio.

22 Q Do you recall any Toys contributors being

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Kepaulus 1 present?

2 A No.

3 Q Were any contributors present?

4 A There were a few.

5 Q Any of yours?

6 A No.

7 Ollie came over.

8 Q Did North address the crowd when he came over?

9 A Yes, he did. He came over and he told everybody

10 to be quiet and he proceeds to read this letter that is
11 addressed to Spitz from the President. It was applauding
12 Spitz and his affiliated organizations for all the work
13 that they had done, and blah-blah-blah. He presents the
14 letter to him. A very emotional letter. I think Ollie
15 stayed for a little while and then he left.

16 Q How long did the gathering continue?

17 A I think it went until about 11:00.

18 Q I gather there was no presentation on the
19 freedom fighters at this meeting.

20 A No.

21 Who else was there? It seems we are leaving
22 some important people out. Maybe I will remember.

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Q Ms. McLaughlin, there came a time, I gather, that you went into the Channell offices and copied certain documents; is that correct?

A Yes.

Q That was on November 15; is that correct?

A The 15th or 16th. I can't remember if it was Saturday or Sunday. I'm inclined to think that it was Sunday evening only because the chances of somebody being in the office on a Sunday evening were much less than Saturday evening.

Q You have through your attorneys turned over a number of documents to us. Those documents are for the most part derived from the day you went in and copied documents in the Channell offices; is that correct?

A Yes.

Q Some of the documents you have reviewed here today you produced through that copying effort. I am showing you Exhibits 1 through 4.

A Exhibit 3 I did not provide you. Exhibits 1, 2 and 4 were in my records. I didn't have to go to the accounting office for these. This was in my notebook. You can see the perforations. This is correspondence that

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1 involves me, and this (witness pointing to Exhibit 4) was
2 an analysis that I had done. Anything that I would have
3 copied that day would have involved financial records of
4 any kind.

5 Q Did you take your notebook with you when you
6 left the Channell organization?

7 A I took the documents out of the notebook and
8 then put papers in the notebook to make it look like the
9 notebook was full.

10 Q Then you took the contents of the notebook with
11 you; is that correct?

12 A Yes. They had been long taken. I couldn't have
13 it look like I was leaving.

14 Q I gather you didn't leave copies of what you had
15 in your notebook but left blanks for what you had in your
16 notebook; is that correct?

17 A Yes.

18 Q Was that done at some later time than the
19 November 15 copying?

20 A No. That was done earlier.

21 Q How much earlier? Do you recall?

22 A I started removing things from my office in

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kepaulus 1 October. Little by little. I had a lot in my office, a
2 lot of books, a lot of files. I didn't take anything that
3 was out in the open, because I didn't want it to look like
4 I was leaving. I would just take everything from my
5 drawers, because I could lock them and I had the
6 combination. Nobody else did, so they couldn't get in and
7 see that everything was gone.

8 Q Do you recall making contact some time in
9 November with Bruce Hooper?

10 MR. COHEN: I don't think you nailed down the
11 date of the Sunday evening that the copying took place. I
12 may have missed it.

13 MR. WOODCOCK: I think she said it was either
14 November 15th or 16th.

15 THE WITNESS: Yes. I had learned the week prior
16 to that that I was supposed to be going to Germany with
17 Spitz and company, and I worked it out that I would take my
18 two-week vacation immediately following this and then would
19 probably leave altogether, but I was being encouraged by
20 some friends to stay until the end of December so that I
21 could get my final paycheck and that we would probably be
22 getting a lengthy Christmas holiday anyway. So I wanted to

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1 kepaulus 1 make sure that I had everything that I felt I needed in
2 terms of answers to my questions.

3 BY MR. WOODCOCK:

4 Q And that caused you to do the copying on the
5 15th or 16th of November?

6 A Yes.

7 Q Did you return to the matter of Bruce Hooper in
8 November?

9 A No. I didn't returned to it. Spitz returned to
10 it. In late October he told me that he had been asked and
11 designated by Ollie to be responsible for the funding of
12 Ollie's off-duty trips to Central America, acting as direct
13 liaison for President Reagan. Off-duty meaning off the
14 White House schedule and off the White House payment of his
15 trips.

16 Q Did Channell give you any idea why North would
17 be traveling off the government payroll to Central America?

18 A Because he couldn't jeopardize the ongoing
19 investigations into his activities. He had to keep a very
20 low profile, and that these trips would require about
21 \$91,000 a month. Spitz had started a new organization
22 specifically for this purpose called the American

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'kepaulus 1 Conservative Foundation. He said, "We started a new
2 organization, because we won't have to report anything to
3 the IRS for a while, so nobody will have to know what this
4 is all about."

5 Q This is Channell talking?

6 A Yes.

7 Q You referred to investigations pending. Were
8 these investigations of North himself? What were these
9 investigations?

10 A Congressional investigations into North's
11 activities started in August.

12 Q Is this Congressman Barnes' investigation that
13 you are speaking of?

14 A Yes. I don't know who else was involved in it.
15 I just know that Congressman Barnes started it, I believe,
16 or was instrumental in its beginning.

17 Q Did Channell describe to you what it was about
18 this mode of travel that would assist Colonel North in
19 circumventing or avoiding these investigations?

20 A I am not following the way you have asked that.

21 Q There are investigations pending against North
22 and the investigations cause Channell to try to set up a

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1 fund to help North travel to Central America; is that
2 right?

3 A I wouldn't say caused. I was just told that the
4 reason he was going to be making off-duty trips was because
5 he didn't want to give these Congressmen who were looking
6 into his activities any more food for thought.

7 Q How did the fund help him in avoiding giving the
8 Congressmen more food for thought?

9 A They wouldn't know about it, because it would be
10 off duty.

11 Q Is this what Channell was telling you?

12 A Yes.

13 Q After Channell gave you this information about
14 the travel fund, the American Conservative Foundation, did
15 you receive any instructions about Hooper?

16 A No. Bruce had called me to let me know he was
17 coming down to Washington to attend this Heritage
18 Foundation dinner.

19 Q What did you do with that information?

20 A I told Spitz and Spitz said, "Terrific. I want
21 to have lunch with him." Bruce hadn't met Spitz at this
22 point. And he said, "I want you to get money from Bruce

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1 Kepaulus for Ollie's off-duty trips. I want you to get a minimum of
2 \$45,000 so that we can get Ollie taken care of for a
3 while."

4 Q Did you try and get Hooper and Channell
5 together?

6 A We had lunch on November 17th.

7 Q What happened.

8 A We had lunch in the Hay-Adams. Spitz was very
9 open about this project, which came as a surprise to me.

10 Q This is the travel project?

11 A Yes.

12 And he was almost a little too loud. There were
13 three other people in the dining room at the time. One of
14 them was very obviously a marine with an older woman and an
15 older man, and he was very interested in what we were
16 saying.

17 Q You say that Channell was very open about this
18 fund. How did he do that? Why do you say that?

19 A He wasn't talking in implications; he was
20 talking pretty straightforward, and he was referring to
21 Bruce as a member of this very select group of very special
22 people who were the financiers of these projects to help

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1 kepaulus 1 Ollie and to help the freedom fighters.

2 Q In your experience it was unusual for Channell
3 to speak not by implication; is that correct?

4 A Right. It was very unusual.

5 Q Do you recall what he said in particular to
6 Hooper?

7 A He talked about how Ollie had asked him to be
8 responsible for the financing of his off-duty trips, and
9 Bruce agreed that Ollie would have to be really careful
10 with how he proceeded with things because of these ongoing
11 investigations. Spitz knew the on and off buttons for
12 Bruce. Bruce is extremely supportive of Ollie North. He
13 thinks the world of him.

14 Q You know that from your conversations with Bruce
15 Hooper; is that correct?

16 A Yes.

17 Q Did Channell also openly describe the ongoing
18 congressional investigations?

19 A No, he didn't. He just referred to them.

20 Q How did he refer to them? Do you recall?

21 A He didn't have to explain much to Bruce. I'll
22 backtrack for a second. When the investigations began

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1 Kepaulus Bruce called me and said he wanted Ollie's address, that he
 2 wanted to write him a note and tell him that things would
 3 work out all right for him because he believed in what he
 4 was doing. I remember relaying that to Spitz, and Spitz
 5 said, "Well, have him send a note to us and we will give it
 6 to Ollie." But I had already given Bruce Ollie's address.
 7 I remember calling Bruce and saying be very careful with
 8 what you say. He said, "Don't worry. I'm just going to
 9 make it seem like I am somebody off the street and don't
 10 know him or never met him and just wish him the very best,
 11 and wish him semper fi." That's all he did.

12 So Bruce was very well aware of the
 13 investigations and they didn't have to explain anything to
 14 each other because they both knew what they were talking
 15 about.

16 Q But there was a reference to investigations
 17 without further definition; is that right?

18 A That Ollie had to be very careful about what he
 19 did from here on out.

20 Q But was there reference to the term
 21 "investigations"?

22 A I don't remember if the word "investigation"

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1 was used. There was definite reference made to looking
2 into Ollie's activities.

3 Q That that was occurring?

4 A Yes. That was well underway at that point.

5 Q Did Channell say that?

6 A Spitz said it.

7 Q Did Channell link the secret fund or the private
8 fund for Ollie's trips with the looking into Ollie's
9 activities?

10 A Which private fund?

11 Q The American Conservative Foundation, the travel
12 fund.

13 A No. He didn't link it. I'm confused.

14 MR. DUNHAM: What he means is did he discuss
15 them together, in the same context with each other. In
16 other words, "we need to have this fund because of Ollie's
17 trips."

18 THE WITNESS: Yes.

19 MR. DUNHAM: I think she said that on the
20 record.

21 MR. WOODCOCK: I just wanted to make sure.

22 THE WITNESS: Yes. Definitely. He talked about

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1 how Ollie had asked him to be responsible for this. The
2 reason that he was giving was because Ollie had to be very
3 careful with how he proceeded. And the President needed
4 him. I remember that. The President needed him to act as
5 a direct liaison on his behalf in Central America, and it
6 had to be kept very confidential, very quiet, because of
7 all the controversy surrounding Ollie's activities.

8 BY MR. WOODCOCK:

9 Q What was Hooper's reaction to all this?

10 A He was very interested and seemed very
11 supportive. Then Spitz asked him if he would stay an extra
12 day. Spitz said, "I'm having dinner with the President."
13 I'm positive that's how he said it -- "we're going to a
14 dinner with the President, and I have an opportunity to
15 invite you and I would like you to come with us."

16 The way he worded it it sounded as if we were
17 having dinner with President Reagan privately. Of course
18 he didn't tell Bruce that there were going to be 2,900
19 other people there. He did this a lot. He really gave
20 people the impression that he was very closely tied to the
21 President, and I don't believe that for a moment.

22 Q You are referring to Channell?

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A Yes, I'm referring to Spitz.

2

Q Did Hooper stay over for that dinner?

3

A Yes. First he said, "I can't. I've got to get

4

back to Philadelphia." Then Spitz made a few other

5

comments that lured him in, and he said, "Well, you know,

6

maybe I will stay. Maybe I can arrange to stay." That

7

would have been Tuesday night, the 18th, the Ethics in

8

Public Policy Center dinner was held at which the President

9

came and spoke for a few moments. There had to have been

10

3,000 people at the dinner. It was huge.

11

Q Do you recall any Channell contributors other

12

than Hooper being present?

13

A Ellen Garwood, [REDACTED] Privacy

Privacy

14

[REDACTED] And Fawn Hall came to the dinner.

15

Spitz always liked women very much. He was a

16

girl. He never had to have women around, for some very

17

obvious reasons.

18

Q This is at the table?

19

A Yes.

20

I can tell you the seating arrangement. We had

21

this round table, and it was [REDACTED] Privacy and this

22

marine, who I was later told is one of Ollie's pilots. His

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1 name is Major Gil Macklin, Eugene Gilbert Macklin. He's
2 stationed in Hawaii. He was the same guy sitting in the
3 Hay-Adams with this older woman and this older man
4 listening very intently to what we were saying. And even
5 Bruce recognized it, because we both sort of said "I think
6 we have an audience." That's when the three of us would
7 have sort of brought our heads in closer at lunch to
8 discuss what Spitz was discussing.

9 Q At that point you are referring to the lunch
10 that was earlier had between Channell and Hooper and
11 yourself?

12 A The previous day.

13 Q Who told you that Gil Macklin was one of Colonel
14 North's pilots?

15 A Spitz did. Bruce recognized him as well I
16 recognized him. He came as Fawn's date. Bruce recognized
17 him from having been at lunch the previous day and went
18 over to say something to him. A marine knows a fellow
19 marine.

20 Q Who did you sit beside at this dinner?

21 A Bruce Hooper sat next to me, to my left; Spitz
22 sat next to me, to my right; Ellen Garwood sat next to

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1 kepaulus 1 Bruce; Dan Conrad sat next to Ellen Garwood; Virginia
 2 Anderson sat next to Dan; Kris Littledale sat next to
 3 Virginia Anderson; Barbara Christian sat next to Kris
 4 Littledale; Gil Macklin sat next to Barbara Christian; Fawn
 5 Hall sat next to Gil Macklin. We're missing a boy. There
 6 wasn't a boy to separate Angela and Fawn. Angela Davis sat
 7 next to Fawn.

8 Q Let me ask you a couple of questions about these
 9 contributors who were present. Was this the first time you
 10 had seen Ellen Garwood?

11 A No.

12 Q When was the first time you saw her?

13 A At the January 30th meeting.

14 Q Did you see her after that?

15 A No. I don't think I did. She came to
 16 Washington a couple of times, but I didn't see her. She
 17 wasn't my contributor. I didn't work with her at all.

18 Q Let me ask you the same series of questions with
 19 respect to [REDACTED] ^{Private} Was that the first time you
 20 had seen her?

21 A No. Nor the first time that I saw [REDACTED] ^{Private}
 22 Anderson. I'd seen [REDACTED] a couple of times.

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Q Do you recall when?

2

A She came to some functions that we had. I don't

3

remember which ones. I don't recall -- yes, I do. We had

4

some kind of a reception to thank members of Congress for

5

supporting the President's aid package. I have it written

6

down in a calendar somewhere when this reception was. It

7

would have been after June 25th. In fact, it was probably

8

in late July. And she came.

9

Q This is [REDACTED] Private

10

A Yes. [REDACTED] was there.

11

Q Was that the first time you had met [REDACTED] Private

12

[REDACTED] Private

13

A No. I can't remember the first time I met

14

[REDACTED] Maybe she was at the January 30th meeting --

15

[REDACTED] was at the January 30th meeting.

16

Q How about [REDACTED] Did you meet her

17

at that July function?

18

A I think that was the first time that I met

19

[REDACTED] Private

20

Q Had you met her between that time and the dinner

21

in November?

22

A No.

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2 Do you want to get back to Gil Macklin and how I
3 learned that he is pilot for Ollie?

4 Q Channell told you?

5 A Yes. I didn't answer that yet.

6 Q You told me that Channell told you.

7 A Yes, but you asked me how did it happen that
8 Channell told me that.

9 Q How did it happen that Channell told you that?

10 A Bruce stood up and went over and started talking
11 with Gil. I was concerned, because Gil had been listening
12 very intently to our conversation and I didn't know who he
13 was and whether it was all right for Bruce to be talking to
14 him. I asked Spitz who this guy was, that Bruce recognized
15 him from lunch yesterday and he was the one listening very
16 intently to our conversation. He said, "Well, he doesn't
17 know the work that we do, but he flies for Ollie." He
18 said, "He's okay." That was all that was said about that.

19 Q I gather that shortly after the dinner the NEPL
20 staff went to Germany; is that right?

21 A The following day.

22 Q What was the purpose of that trip?

A The stated purpose was to meet with wealthy

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kepaulus 1 Germans and [REDACTED] to discuss the torch of
2 freedom project. We were going to be doing radio
3 actualities on German radio stations and television ads on
4 German television. There was absolutely no necessity
5 whatsoever in the six of us going.

6 Q Was there also a question at that point about
7 possibly buying interests in German radio stations?

8 A Oh, yes. That is what we were doing. That's
9 what I was told to raise money for prior to even going. I
10 had stopped raising money altogether for NEPL.

11 Getting back to the dinner with Bruce Hooper,
12 Dan is over here and Spitz is sitting right next to me and
13 he is going like this (witness gesturing with elbow) --
14 "did you ask Bruce yet? Is he going to help Ollie? Is he
15 going to help Ollie?" He kept doing that all through
16 dinner, and it was extremely annoying.

17 I had told Spitz prior to the lunch the day
18 previous that I didn't want to talk to Bruce about this
19 project, that I wanted Spitz to do it. I wanted nothing to
20 do with their private efforts. But to get him to stop
21 jabbing me in the side, I leaned over and I said to Bruce,
22 "Are you going to help Ollie?" and he said, "I'm giving it

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1 Kepaulus serious thought." I relayed that to Spitz later on, and he
2 said, "Fine." Bruce was supposed to get back to me when we
3 got back from Germany.

4 But I had stopped raising money for any of the
5 organizations with the exception of Western Goals.

6 Q You had, I gather, raised at least some money
7 before leaving on this West Germany trip; is that correct?

8 A Yes.

9 Q What was the purpose of raising that money?

10 A For the radio actualities. Buying into these
11 radio stations. There are going to be seven to ten private
12 radio stations coming into existence some time soon in
13 Germany. There aren't any. We were going to buy 5 percent
14 ownership in three different radio stations. One was in
15 Frankfurt, one was in Stuttgart, and one was in Berlin.

16 Q What was the purpose of the acquisition?

17 A To have an opportunity to put on very pro
18 freedom, pro conservative radio programs in support of the
19 conservative party of Germany, in support of western goals,
20 western ideals. I didn't know anything about this torch
21 project until we were over there.

22 Q That is the project to build a torch in West

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1 Kepaulus 1 Berlin; is that correct?

2 A Yes.

3 Q You didn't stay with the entourage throughout
4 its entire tour of Germany; is that right?

5 A I left a day early. It probably wasn't even a
6 day early.

7 Q Where did you go?

8 A I took a train to Frankfurt from Cologne and
9 then flew to Dallas, because I had an opportunity to meet
10 up with a contributor in Dallas who was very interested in
11 this Western Goals Germany project. I had decided that I
12 would go to Dallas, because it was cheaper to fly to Dallas
13 directly than to fly back to Washington with everybody else
14 and then fly to Dallas. And I would be able to meet with
15 ^{Private} [REDACTED] the day before Thanksgiving and then just come back
16 and go on my vacation.

17 Q ^{Private} [REDACTED] is the name of the prospective
18 contributor?

19 A Yes. He was a contributor to Western Goals
20 already, and I was planning on going to see him in Dallas
21 to discuss all that had transpired in Germany. I had all
22 this paraphernalia from Berlin. He had never been to the

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1 kepaulus 1 Wall. It was a very emotional experience for me.

2 Q To go the Wall?

3 A It's just incredible..

4 Q Do you recall this contributor's full name?

5 A [REDACTED] [REDACTED]

6 (Whereupon at 12:50 p.m. the deposition was
7 adjourned.)

8

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CERTIFICATE OF NOTARY PUBLIC & REPORTER

I, Michael G. Paulus, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of the action.


Notary Public in and for the
District of Columbia

My Commission Expires
February 29, 1992

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UNITED STATES SENATE

2

SELECT COMMITTEE ON

3

SECRET MILITARY ASSISTANCE TO

4

IRAN AND THE NICARAGUAN OPPOSITION

5

DEPOSITION OF JANE E. McLAUGHLIN (CONTINUED)

6

Washington, D.C.

7

Wednesday, April 22, 1987

8

Deposition of JANE E. McLAUGHLIN, recalled for

9

examination pursuant to adjournment, at the Hart Senate

10

Office Building, Suite 220, at 10:00 a.m., before Michael

11

G. Paulus, a notary public in and for the District of

12

Columbia, when were present on behalf of the respective

13

parties:

14

TIMOTHY WOODCOCK, ESQ.

15

Associate Special Counsel

16

United States Senate Select

17

Committee on Iran and the

18

Nicaraguan Opposition

19

- continued -

20

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THOMAS FRYMAN, ESQ.

2

Assistant Majority Counsel

3

KENNETH R. BUCK, ESQ.

4

Assistant Minority Counsel

5

United States House of Representatives

6

Select Committee to Investigate

7

Covert Arms Transactions with Iran

8

HARVEY B. COHEN, ESQ.

9

FRANK W. DUNHAM, ESQ.

10

1400 N. Uhle Street

11

Arlington, Virginia 22201

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2 WITNESS EXAMINATION

3 Jane E. McLaughlin

4 (resumed) 113

5 By Mr. Woodcock

6 EXHIBITS

7 NUMBER IDENTIFIED

8 5 129

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P R O C E E D I N G S

2 Whereupon,

3 JANE E. McLAUGHLIN

4 was recalled as a witness and, having been first duly
5 sworn, was examined and testified further as follows:

6 EXAMINATION (continued)

7 BY MR. WOODCOCK:

8 Q Ms. McLaughlin, thank you for returning again
9 and continuing this deposition. This is a continuation of
10 the deposition that we began last week, April 15. The
11 purpose for this continuation of the deposition is the same
12 that brought it to its beginning last week, and that is
13 that this is part of an official Senate committee
14 investigation.15 There are also representatives from the House
16 committee here who are also here in their official
17 capacities as representatives of the House Select Committee
18 investigating the Iran-contra matter.19 I think we left off with your trip to Dallas in
20 November 1986. Could you begin with your arrival in
21 Dallas?

22 A I arrived in Dallas. When I got off the plane I

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1 called the office and spoke with Angela Davis just to let
2 her know that I had arrived safely and if anything was
3 going on that I needed to know about.

4 She said, "Have you heard the news." Of course
5 I hadn't, because I had just been on a plane for several
6 hours. She proceeded to tell me that Ollie had been
7 fired. "Green has been fired." She said both Ollie and
8 Green.

9 I was stymied by that, although I was expecting
10 something like this.

11 I was immediately very concerned about the
12 welfare of my parents and the documents which were in my
13 house not locked up in any way. And there was only one
14 copy of everything.

15 Q Are you referring to the documents that you
16 copied on November 15?

17 A Yes. The bank statements showing the Toys
18 project funds, miscellaneous credits and debits, etc.

19 Then my friend Linda Guell picked me up at the
20 airport. We went to a hotel. That evening we went to a
21 barbecue at Bunker Hunt's home, which was something she was
22 involved in. She knew that I was going to be in Dallas, so

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...ikepaulus 1 she invited me to this function, which was that night. In
2 fact, some of Spitz' contributors were there. It was for
3 the Bothelezi tour.

4 That afternoon when I got in I was to have
5 confirmed my appointment with a contributor that I was to
6 see the following day for the Western Goals Torch project,
7 which is what we had worked on in Germany. I didn't call
8 him. I did not want to do anything, not even with Western
9 Goals. I was pretty much panicked. I had no idea what was
10 going to happen, and I didn't want to do anything. So I
11 didn't even call Jim Garvey.

12 The next day I flew back to Washington, and that
13 is the day before Thanksgiving.

14 Q Did you go back to the office at any time before
15 the end of November.

16 A Yes, I did. On Thanksgiving Day my parents and
17 I went to the offices so I could take more of my
18 belongings, more of my personal files, etc. I had already
19 gotten most everything, but I wanted to take as much as I
20 could without it being obvious that I was not there.

21 My reasons for going by the office were
22 twofold. I wanted to make copies of the documents that I

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...kepaulus 1 had copied already, since I only had one copy, one set, and
 2 I wanted to place the spare set in a safety deposit box in
 3 a bank for safekeeping. But I was too nervous. I was
 4 afraid to stay there for any extended period of time. It
 5 took me several hours to copy everything that I had copied
 6 initially. So I just didn't want to stay that long. They
 7 don't have one of those copiers where you can just feed
 8 things through.

9 Q You did, however, take some additional
 10 belongings of yours out of the office on that day?

11 A Yes. Some books and some things off my desk
 12 that wouldn't make it appear obvious that I was not there.

13 Q Did you have any further contact with the office
 14 in November?

15 A I talked with Angela and I talked with Cliff.
 16 Because Cliff wanted my contributor book. They were going
 17 to be doing some kind of a mailing and they wanted my
 18 contributor book. Unfortunately, I had left it behind. I
 19 believe that copies of checks were taken out of that book.
 20 It was a loose-leaf notebook, and I had all my
 21 correspondence in it. If they took the checks, I am
 22 surprised they didn't take some of the letters from the

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mikepaulus 1 likes of Bruce Hooper. I had copies of every check that I
2 had ever solicited and gotten as a contribution, and all
3 those checks were missing.

4 Q You discovered that some time in January; is
5 that right?

6 A Yes. I discovered it after coming forward,
7 because I couldn't find them. I still can't find them. I
8 am inclined to think that that was the book that was left
9 behind that Cliff wanted to look at. The checks are gone.
10 I don't know where they went.

11 They all thought I was in Miami vacationing with
12 my former roommate.

13 Q Your colleagues in the office thought this?

14 A Yes.

15 I kept in touch with Angela pretty frequently so
16 that there wouldn't be any suspicion. It was decided that
17 since Ollie had been fired we wouldn't be having our
18 meeting on December 10 and that I could take the 10th
19 through the 15th off and come back December 15.

20 Q This reference to December 10, I gather that
21 there had been a meeting scheduled with Oliver North that
22 you were going to participate in; is that correct?

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Mike Paulus 1

A Yes.

2

Q Do you know what the subject matter would have

3

been?

4

A Terrorism in Central America.

5

Q Was that a contributor effort?

6

A Yes. It was going to be. In fact, another

7

purpose in my meeting with this contributor in Dallas was

8

to talk to him about this. He is a very wealthy man and

9

Spitz really wanted me to bring him aboard. They had tried

10

to get him as a contributor and they never could, and then

11

I was able to for Western Goals projects. I think he gave

12

for one of the PACs.

13

Q This is Mr. Garvey?

14

A Yes.

15

Spitz wanted me to talk with him about this

16

upcoming December 10 meeting and get him to come to that.

17

Q I gather that with North's firing the December

18

10 meeting was no longer on the schedule.

19

A Right.

20

Q With North having been fired and the meeting off

21

the schedule, you were able to take a longer vacation; is

22

that right?

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2 A In the beginning I was told that I should come
3 back for December 10. This was relayed to me by Angela.
4 That they were still planning to have a meeting with
5 another NSC official. I wasn't told with whom. I was just
6 told that they were still planning on this. Several days
7 later when I called in again and asked if I still had to be
8 back for the 10th, they said, "No. It looks like we're not
9 going to be having anything after all."

9 Q When did you return to the Channell offices?

10 A December 15th. Monday.

11 Q Can you describe when you came to the Channell
12 offices how it appeared and how that was different than it
13 usually appeared?

14 A When you come up to the third floor and get off
15 the elevators there is a lobby. There are two very heavy
16 wooden doors that were always open. But there is a code
17 system. At night the doors have to be kept shut because
18 anybody could just get off the elevators and come into the
19 offices. These doors were always kept open during the
20 day. All of a sudden they were locked. There was this
21 4-digit code that you had to punch in in order for the door
22 to open, and it was changed. The receptionist had to have

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Mikepaulus 1 somebody buzz me in. Once I got in there, I think Kris
2 gave me the code. Kris or Fred. One of the fund-raisers
3 gave me the code. There was a piece of paper on the door
4 that said "No Unauthorized Personnel Beyond this Point."
5 Which I just thought^{it} was bizarre.

6 Then I got into the office and Beckie is
7 carrying all of the ledgers, accounting books, etc., from
8 the accounting office into the stockroom where there is
9 huge safe that they had acquired from Western Goals in the
10 acquisition of Western Goals.

11 Q Beckie is Beckie Pritchett?

12 A Yes.

13 I asked her what she was doing, and she said,
14 "I'm told to put everything in the safe." She was all
15 upset because she didn't know how to get the safe open and
16 it was just a real pain for her.

17 - So I go into my office and there is a copy of
18 this piece of paper that was on the front door that says
19 "No Unauthorized Personnel Beyond this Point."

20 Then there was a copy of the statement that
21 Spitz had made denying the Knight Ridder News allegations.
22 It was a press release, and it was given to me by Raphael.

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1 It said "For your information."

2 Raphael's office was all the way down the hall,
3 completely away from all of us. His office locked. It
4 always locked. But Spitz' office, Cliff's office and Dan's
5 office did not have locks on the doors. There was a
6 locksmith there putting a lock on Spitz' door, and I heard
7 the same was going to be done for Cliff and Dan, and sure
8 enough, when I returned on January 5th, it was.

9 Q You noticed locks on their doors as well?

10 A Yes.

11 Those were the major changes.

12 Oh, there was something else. After Cliff had
13 called us in and told us that because of all the turmoil,
14 etc., etc., Spitz would like to give us all an extended
15 holiday, Kris came into my little cubbyhole. Because I
16 asked him, I said, "Kris, my God! what's going on?"
17 Because I hadn't been there when all the reporters were
18 coming and going. I wasn't subject to that. Of course I
19 knew it was going on, but I wanted to see what he would
20 say.

21 He said, "Well, there's a disk missing from the
22 Ann's desk." Ann was the receptionist. "These reporters

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mikepaulus 1 have been coming and going and you never know if some of
 2 them will get into the offices. You might want to take
 3 home anything that pertains to Toys." He said that to me.
 4 He said, "Any correspondence, any of your cards." Because
 5 they all kept cue cards. Salesmen often do that. They
 6 keep records of every prospect and what is said in every
 7 conversation. I never did that. I have a good memory. He
 8 said, "You might want to take your cards home. Anything
 9 that might be questionable or might lead somebody to think
 10 something." And he said, "Because I did."

11 Q Did he specifically refer to Toys as being one
 12 of the categories you might want to take home?

13 A Yes, he did. He said, "Anything referring to
 14 Toys."

15 Q Did he explain why he was saying this to you?

16 A No, he didn't. He really didn't have to.

17 Q I gather that on this day that you returned,
 18 December 15, there was a meeting that Cliff Smith called;
 19 is that correct?

20 A Yes. He told everybody to come into the
 21 conference room, all the fund-raisers.

22 Q Do you recall who was present?

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Mike Paulus 1

A Kris Littledale, Fred Fried, Liam Flannery, John

2 Lutz, myself, Cliff. I think some of the support staff was
 3 there. I think Mike Iacobellis was in the room. Angela
 4 wasn't. I don't think Roger was. Raphael might have been.

5 Cliff proceeded to say, setting the stage for
 6 Spitz denying the allegations, that this is absurd, that
 7 the liberals are out to destroy us. They always blamed
 8 everything on the liberals. And that the reporters are
 9 just having a heyday with this, and it will all blow over;
 10 it will all come out that we have not done anything that
 11 any patriotic organization wouldn't have done; they're
 12 searching for ghosts in closets where there aren't any
 13 ghosts.

14 He just went on and on and said Spitz has
 15 decided that because of all this it would be best for us
 16 all to have an extended holiday until this blows over.

17 Q Did Mr. Smith take any time to describe how he
 18 perceived these allegations, what precisely the allegations
 19 were?

20 A No. He just referred to the allegations in
 21 Knight Ridder News. I hadn't even read it at that point.
 22 I knew about it. I mean I had learned about it from other

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Mike Paulus 1 people, but I hadn't actually read it. And I didn't ask.

2 Q Was this meeting with Mr. Smith followed up by a
3 meeting with Channell?

4 A Yes. We learned that Spitz was coming in
5 shortly. So we were told to wait. The vacation was to
6 start actually the following day, but I was going to go
7 home. Dan actually told me to go home, because I was sick
8 as a dog. I had a fever. I looked like death warmed over
9 and had a very bad strep throat. But Dan said, "Spitz is
10 coming in. So just wait."

11 When he came in he called us all in his office
12 and proceeded to deny these allegations. He referenced
13 that UNO was behind all of this; that it was Bosco
14 Matamoros; they were all upset because they weren't getting
15 what they thought they were going to get from us.

16 Q UNO was upset?

17 A Yes.

18 Q Did he explain what it was that UNO thought it
19 was going to get from the Channell organization?

20 A They didn't get the kind of money that they
21 expected to get from us.

22 Q Do you mean amounts of money?

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Mikepaulus 1

A Yes.

2 He said, "God only knows what they would have
3 done with it if we had given it to them directly."

4 Q UNO?

5 A Yes. It was as if he was saying that they
6 weren't given the funds directly and that they were all
7 upset about this.

8 Q Did he make any statement about whether any of
9 the monies had gone for lethal aid?

10 A No. When he said "God only knows what they
11 would have done with it" Kris piped up and said, "Well, you
12 know how the Latins are. You know how they run drugs and
13 use women." Which didn't seem to make any sense. It
14 totally contradicted Kris' position and all our position,
15 because all along we set out to refute these allegations,
16 the disinformation that the contras are a bunch of drug
17 runners. We had set out to prove that this was not the
18 case. So it contradicted everything.

19 Then Spitz said, "We are in the process now of
20 getting receipts from UNO that will show that the money
21 went for humanitarian purposes."

22 Q Was this remark that Kris Littleddale made about

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Mikepaulus 1 how the Latins are loud enough for everyone to hear?

2 A Yes. And everybody was in the room at this
3 point. All the fund-raisers. Raphael was there. I'm
4 pretty sure Mike Iacobelis was there as well. Dan Conrad
5 was there.

6 Q Did anyone reprove him or call him short for
7 making that remark?

8 A No. I was about to, but then I decided it was
9 not worth it. I didn't say anything. I figured it would
10 give me away.

11 Q Do you recall anything else that Mr. Channell
12 might have said at that meeting?

13 A Just that he considered it an attack.

14 Q The Knight Ridder story?

15 A Yes. A ludicrous attack, and that we would
16 overcome; we would come out of this just fine; we haven't
17 done anything that we shouldn't have done. And then told
18 us all to go home and have a happy holiday.

19 Q Did he take any time to explain the new security
20 procedures that you saw coming into place?

21 A No.

22 Q In the meeting with Cliff Smith, did he get into

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that at all?

2

- A No. I only brought it up to Dan. After the

3

meeting where Spitz told everybody to go home, I went in

4

and had a private meeting with Dan and asked him, "What is

5

this all about. This doesn't make any sense. Spitz is now

6

contradicting everything that we were supposedly doing."

7

He said, "Well, there are a lot of things that

8

you don't know, and it is better that" -- there is a

9

definite way that he worded it.

10

MR. WOODCOCK: Let's go off the record.

11

(Discussion off the record.)

12

MR. WOODCOCK: Back on the record.

13

BY MR. WOODCOCK:

14

Q You were telling me before that he said you

15

can't know everything and it is probably best that you

16

don't.

17

- A That's it. Yes. You can't know everything, and

18

it is probably best that you don't.

19

Q That is Dan Conrad to you?

20

A Yes.

21

Q Did he mention anything to you about where this

22

money that they had been raising might have gone?

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Mike Paulus 1

A I questioned him. "Well, what about all the

2 money that we raised for the Toys project that went through
3 IBC?" and he said, "Well, it's gone into a fungible
4 account," and explained that as an accounting term it
5 refers to a pool of money and that there is no way to tell
6 where it actually went.

7 I then said, "Well, how are we able to get
8 receipts from UNO to prove that it went for humanitarian
9 assistance if there is no way of really knowing where the
10 money went?"

11 He then changed the subject. I think I was
12 losing my voice. He made some reference to my throat, and
13 he turned white. He just got very upset, and then
14 proceeded to say that we were in the process of determining
15 through UNO that the -- he kept saying "we will be able to
16 prove that the money did go for humanitarian purposes."
17 And I kept saying, "Well, then what was the purpose of the
18 Toys project?" And he said, "We won't get into that now."

19 He didn't have any answers for me.

20 Q After this conversation with Mr. Conrad did you
21 leave the office?

22 A Yes, I did. He told me to go home. He said,

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1 Mikepaulus 1 "You better just go home now, because you're really sick
2 and tired and frustrated."

3 It seems to me he said something else that was
4 important, and it was just on the tip of my tongue. Let me
5 think for a second. Something that you said triggered it,
6 and now I can't remember what it was.

7 MR. WOODCOCK: Let's go off the record.

8 (Discussion off the record.)

9 MR. WOODCOCK: Back on the record.

10 (Exhibit No. 5 marked
11 for identification.)

12 (Document handed to witness.)

13 BY MR. WOODCOCK:

14 Q Ms. McLaughlin, I am showing you what I have
15 marked in the lower right-hand corner with the numeral 5.
16 Do you recognize that?

17 A Yes, I do. This is the notice that was on the
18 wooden doors leading into the offices and was also on my
19 desk.

20 Q That was on December 15; is that correct?

21 A Yes.

22 Q After your conversation with Mr. Conrad on

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December 15 did you leave the Channell offices?

2

A Yes, I did. I did go home.

3

Q Did you take the full vacation that was allotted

4

to you?

5

A Oh, yes.

6

Q When did you return to the office?

7

A January 5, 1987.

8

Q What did you do when you returned to the office

9

on January 5?

10

A I came in late. I went into my office. I

11

talked to some of my colleagues and just chatted with

12

them. Cliff called me in the minute he knew I was in the

13

office. He buzzed me and said, "Would you come see me."

14

I went into Cliff's office. He said, "How are

15

you feeling? How was your vacation?" I said, "Well, I'm

16

still very upset about all that is going on and I would

17

like to better understand what the situation really is."

18

He got very nervous. He said, "What are you

19

talking about?" I said, "All these allegations. It just

20

seems incongruous. If we are not guilty of anything, why

21

do we have new codes on the doors? Why are there locks on

22

the doors where there weren't locks before? Why is

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Mike Paulus 1

everything from the accounting office now in a safe?"

2

He didn't like me saying these things. He got very nervous.

4

Q Did he respond to them?

5

6

A He said, "Well, I can tell you as the treasurer of this organization that we never received any Iranian funds." I said, "Well, I'm not so upset about that. I'd like to know where all the money went."

8

9

Q What did he say to that?

10

11

A He said, "We can account for everything." He said, "We're in the process of getting our records all together to show that."

12

13

I wanted to say, "Yes, I'm sure you're whitening out and jotting in," but I didn't. I didn't say anything further.

14

15

16

17

18

19

20

21

22

He said, "Do you need some more time off?" and I said, "No, I don't think so." He said, "We have some excellent projects. We're going to work on the torch project and we have got some new ideas," and this that and the other thing, and "it's going to be a good year," and on and on and on. Of course he didn't know that I was resigning.

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So I left his office and went back to my office.

2 I then got a box out of the storage room. Pictures of my
3 family, everything that was out on my desk that was mine,
4 that I could now take, I boxed up. John Lutz, whose office
5 was next to mine, was standing up. They are cubicles. So
6 you can stand up and see into the next person's cubicle.
7 He said, "What are you doing?" And I said, "I'm
8 resigning. I'm packing my things." He said, "Oh, my
9 God!" Then Kris came in. I said, "I guess I had better go
10 take care of this right now."

11 So I went into Dan's office and I presented him
12 with a letter of resignation. He turned whiter than he had
13 turned on December 15. He was just shocked. He said, "I
14 don't believe this." I said, "As the letter says, I've
15 given this a lot of careful consideration and much
16 deliberation." He said, "Are you sure that this isn't a
17 hasty decision?" I said, "No, it's not."

18 He said, "Sit down. Why don't we talk about
19 this?" I said, "I don't want to talk about this. I don't
20 want to know anything more. I don't want to be involved
21 any more."

22 He said, "Well, what are you going to do?" And

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Mike Paulus 1 I said, "Well, I don't know." He said, "Well, you do know
2 that we are under investigation." I said, "I'm well aware
3 of that." He said, "You'll probably be contacted by an FBI
4 agent soon." I said, "Well, I guess I'll just have to deal
5 with that when it happens."

6 I went back to my office and finished packing up
7 my things. And Spitz came in. Dan comes by and says to
8 me, "Spitz would like to see you." I said, "Well, I don't
9 really want to see him." He said, "Well, would you just
10 talk with him for a minute." I said, "All right, but I
11 really want to get going."

12 So I went back into Spitz' office, and he said,
13 "I hear you're quitting." And I said, "I have just
14 resigned, yes." He said, "Well, sit down. I want to talk
15 with you."

16 So I went in and sat down and he proceeded to
17 just put his best foot forward in denying everything.

18 Q How did he do that?

19 A "All that has happened is an attack on the cause
20 of freedom and democracy." And he blamed the liberals.
21 That we would come out all right; that we would weather the
22 storm. He said, "We're in the process now of getting all

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...kepaulus 1 our records together to prove that we were not doing
2 anything we shouldn't have been doing."

3 Let me backtrack a second. When I was in with
4 Cliff and he said "I can tell you as the treasurer of this
5 organization," after he said that, he said to me, "You do
6 believe me, don't you?" I think that is important from my
7 end, the fact that he added that on.

8 Q You didn't respond to that?

9 A No, I didn't.

10 You know the Shakespearean saying "He thinks he
11 protests too much"? That's what I thought of when Spitz
12 was talking to me in his office. Definitely. He was just
13 going out of his way, and it was too much. He was digging
14 his grave as far as I was concerned.

15 So I stood up and I said, "Thank you very much.
16 It has definitely been an experience for me." And he said,
17 "Well, you have been a tremendous asset to this
18 organization. You have helped us in a great way, and we
19 appreciate that very much, and I wish you the very best."
20 He shook my hand, and then I left.

21 Interestingly enough, later that day -- and I
22 learned this from Angela Davis, with whom I was very close.

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1 She was like a little sister to me, and we used to go out
2 socially. She had to come by my house a couple of days
3 later to drop off some things that she had borrowed, and
4 she was in tears when she saw me. She proceeded to tell me
5 that Spitz had called her into his office after I left and
6 told her that he didn't want her to have any contact with
7 me ever again. He told her that I was not liked by anyone
8 in the organization, which is ridiculous, and that I took
9 money from the organization, that I took money from the
10 organization and that I could not be trusted, and that I
11 never did anything worthwhile for the organization. After
12 he had just said to me "You have been a tremendous asset to
13 this organization."

14 It was very upsetting to her.

15 Q This would have been approximately January 7, a
16 couple of days after you leave?

17 A No. I think it would have been the following
18 week, because I met with a lawyer on the 9th, and then the
19 16th was my first session with the FBI. So it was before
20 the 16th.

21 Q Let me return to this point at which you go into
22 Spitz Channell's office. Did he, like Dan Conrad, mention

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Mikepaulus 1 that they were under investigation by the FBI?

2 A No. He didn't say anything about that.

3 Q Did he bring up again the question of this
4 ongoing audit?

5 A No. He said that we are in the process now of
6 gathering all our records to prove that we were not
7 engaging in anything, as is being alleged.

8 Q After your meeting with Channell you left the
9 Channell offices for the last time; is that right?

10 A Yes.

11 Q Did you have a conversation with Dan Conrad some
12 time later that day?

13 A That night.

14 Q How did that come about?

15 A Linda Guell had taken me out to dinner. I was
16 very upset, more because I was so disappointed in Dan. We
17 were very close. He was like a mentor to me, and I
18 respected him tremendously. If it hadn't been for Dan I
19 never would have stayed as long as I did. He would always
20 encourage me to just let Spitz go in one ear and out the
21 other, that I had a tremendous future ahead of me in
22 fund-raising, and this, that and the other thing; he really

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Mike Paulus 1 needed me there.

2 When Linda and I were having dinner I was
3 relaying to her when I talked with Dan, and I got really
4 upset, and I said, "You know, I really want to call him. I
5 really want him to know why I left."

6 I called him from the pay phone in this
7 restaurant and I proceeded to tell him that I knew about
8 the miscellaneous credits and the miscellaneous debits, and
9 I asked him about this. I was pretty hysterical, because I
10 was crying a lot.

11 Q What did you mean by "miscellaneous credits" and
12 "debits"?

13 A At that point I had tallied up how much money
14 had come in from regular deposits, which would have been
15 checks, and the majority of our money came from checks.
16 Some of our money came from stock transfers, and that would
17 show up as a wire transfer, and so that would show up as a
18 miscellaneous credit on these bank statements. But then
19 there is money that is not accounted for according to the
20 contribution records, and I told him this.

21 I said, "There is a lot more there than should
22 be and there is a lot that was not." And I told him that

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Mike Paulus 1 I knew about how much had gone to IBC. Because none of us
2 had really known, or at least I hadn't known, prior to
3 acquiring the records how much actually went through IBC.

4 I said, "It's an awful lot of money. You can't
5 tell me that this was all being used for humanitarian
6 purposes. What about our humanitarian projects?" I kept
7 driving this home. Because we had a Food for Freedom
8 project. "What was the Toys project all about? I want to
9 know."

10 And I said, "I know about all the money to PMI,"
11 his company in San Francisco, who did nothing for us. He
12 said, "Well, those were reimbursement of expenses." I
13 said, "Well, then why didn't the checks come to you? They
14 were your expenses. Why did they go to PMI?" He didn't
15 answer me. He said, "You're hysterical, you're all upset,
16 and I don't understand what's bothering you."

17 And I just kept saying, "I'm so disappointed in
18 you. I trusted you, I believed you, and you lied to me.
19 You lied to me all along. All of you. You led me to
20 believe we were doing something that now you are saying we
21 weren't doing."

22 Q When you accused him of lying to you did he

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...kepaulus 1 react to that?

2 A No, he didn't. Of course there really wasn't an
3 opportunity. I was really just rambling.

4 Q You have raised several different topics that
5 you directed at Mr. Conrad in the form of questions. Were
6 these questions just coming one after the other without him
7 intervening and answering each one?

8 A He intervened a few times to answer me with
9 regard to the money to PMI, to say that it was for
10 reimbursement of expenses. When I talked about the
11 miscellaneous credits he said those were stock transfers
12 and it can all be proven that the money came from wire
13 transfers. I said, "Well, what about all the money that
14 went out? There is nearly \$5 million that went out to
15 IBC. What about all the miscellaneous debits? You've not
16 only got money going to IBC and to Spitz and to Dan and to
17 PMI and everywhere else, you have got all this money in
18 miscellaneous debits, several million dollars."

19 Q Did he respond to that?

20 A No.

21 I also wanted him to know that Linda Guell and I
22 were friends, because he didn't know this, and they had

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Mikepaulus 1 treated her miserably when Western Goals' office was moved
2 into our offices.

3 Q Is this Spitz Channell or everybody in the
4 Channell group?

5 A Everybody. And they said incredibly
6 contemptuous things about her and gave me the impression
7 from day one that I shouldn't spend any time with her.
8 When we would make contact with former Western Goals
9 contributors, if these people were to ask us about Linda or
10 the board of directors -- because everybody had left -- we
11 were pretty much given instruction to say, "Well, Linda has
12 since left the organization and there is question as to the
13 allocation of funds." Leaving the clear impression that
14 she was doing something within Western Goals that she
15 shouldn't have been doing. Yet a \$50,000 audit by Coopers
16 and Lybrand had been done on Western Goals prior to the
17 acquisition and the record was clean.

18 Q Did you know that through Linda?

19 A I learned this through Linda. I saw the audit.
20 This was after I had gotten to know her. I had called
21 Linda, I think, in September, when I was thinking about
22 looking elsewhere, when I wanted to get out, and we had

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2 become friends. Linda was going to sue them, and had
 3 perfect grounds to do so. She had made a proposal to them
 4 that was run through their lawyer, Curt Herge, and the copy
 5 was also sent to her former major contributor, Barbara
 6 Newington, and she was in negotiations with Curt Herge for
 7 an out of court settlement. I wanted Dan to know that I
 8 knew about this and that I thought it was pathetic that
 9 they had taken Western Goals and hadn't done anything that
 10 they set out to do; they hadn't accomplished any of the
 11 objectives that Western Goals had originally had.

12 I said, "Dan, you've taken everything from her
 13 and you should honor her proposal and give her an
 14 opportunity to do the things that Western Goals has been
 15 doing all along, that you people had no intention of doing,
 16 because you haven't carried out anything."

17 Western Goals had a radio network. The plug was
 18 pulled on the radio network and we weren't told about it,
 19 and we were told to continue raising funds for something
 20 that was not even in existence.

21 Q Did Conrad respond to this information on
 22 Western Goals and your friendship with Linda Guell?

A No. I said, "I don't know what I'm going to do,

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...kepaulus 1 Dan. I know a lot about what you guys were doing, and I
2 don't know what I'm going to do, but I'm going to have to
3 come to terms with this and do whatever I think is best."
4 I kept saying over and over again "I'm so disappointed in
5 you. You lied to me. You all lied to me. You destroyed
6 something that was so worthwhile."

7 His final comment was, "Well, you'll have to do
8 whatever you feel is best." I said, "I will." And that
9 was it.

10 Q Let me go back to an earlier point in your
11 description of your conversation with Conrad to make sure I
12 understand this. Let me summarize what you said and you
13 tell me if I summarize it accurately.

14 In your conversation with Conrad did you ask him
15 the question what was Toys all about?

16 A Yes, I did.

17 Q Why did you do that?

18 A In the phone conversation?

19 Q Yes. On the evening of January 5th.

20 A Let me backtrack.

21 I said to him, "I know about the miscellaneous
22 credits and the miscellaneous debits and I know about all

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...ikepaulus 1 the money that went to IBC. Where did all that money go?
2 What was Toys all about?" Because I believed from day one
3 that any monies that went to IBC in the Patton and Sacher
4 accounts were for the Toys project, because the Patton
5 account was always referred to as the Toys account, and so
6 was the Sacher account. Not exclusively. Sacher also took
7 in other monies. He didn't answer me.

8 Q When you had that conversation with Conrad, I
9 gather you yourself had a clear understanding as to what
10 you believed the Toys account was; is that right?

11 A Yes.

12 Q You were addressing the question at him for what
13 purpose?

14 A I think at the time I wanted to hear what he had
15 to say, but I didn't give him an opportunity to say it. He
16 had an opportunity to answer me and he didn't. He chose
17 instead to say that I was hysterical, that I was
18 irrational, that I didn't know what I was talking about.
19 But he did not answer my question "what was this all
20 about?"

21 Q Let me put a somewhat different question on the
22 same topic to you. When you put the question to him "what

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Mike Paulus 1 was Toys all about?" did you have any doubt in your own
2 mind as to what the Toys account was all about?

3 A No. No, I had no doubt. I believed, as I
4 believed from day one, that the Toys project was set up as
5 a private and covert activity to provide direct military
6 assistance on behalf of the President. I believed from day
7 one that we were working on behalf of the President and his
8 policy in Central America and that we were working very
9 closely with UNO to provide the troops with military
10 assistance until Congress passed the aid package.

11 (Discussion off the record.)

12 MR. WOODCOCK: Back on the record.

13 BY MR. WOODCOCK:

14 Q Ms. McLaughlin, let me summarize a couple of
15 points of your earlier testimony.

16 A You have testified that practically from the
17 moment you joined the Channell organization you understood
18 that the Toys account was an account meant to raise monies
19 for lethal assistance to the Nicaraguan opposition; is that
20 right?

21 A Yes.

22 Q At the meeting on December 15th, first, a

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makepaulus 1 meeting with Cliff Smith, second, a meeting with Spitz
2 Channell, it was said that the Channell organization would
3 be able to demonstrate that all the monies that they had
4 raised had gone to humanitarian aid; is that right?

5 A Yes.

6 Q That was inconsistent with your understanding of
7 what the Toys account was; is that right?

8 A Yes.

9 Q When you spoke with Dan Conrad on January 5th
10 and you asked him what was the Toys account all about, did
11 that relate to these two inconsistent statements that you
12 now have before you, the one that, yes, it was for lethal
13 aid, and the other, no, it wasn't for lethal aid?

14 A Yes, it did.

15 Q Could you explain that a little bit?

16 A I already had the documents in my possession and
17 was able to determine how much money actually went to IBC
18 from what I believed were the Toys project bank accounts,
19 and there were also these miscellaneous debits. They were
20 wire transfers. You couldn't determine where the money had
21 gone.

22 It just didn't seem to make sense to me. Here I

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1 believed we were providing military assistance to the
 2 freedom fighters. I learned from Alfonso that that is not
 3 the case, and then they tell me after all these Knight
 4 Ridder allegations and the whole ordeal begins that they
 5 are in the process of getting receipts from UNO to prove
 6 that the money went for humanitarian assistance. It seemed
 7 like an awful lot of money for humanitarian assistance. I
 8 can see using that kind of money for military assistance.
 9 It would be much more expensive. It didn't make any sense
 10 to me. I was very upset about everything, about all the
 11 lies. Now we have a nice neat package of lies.

12 MR. DUNHAM: Listen to the question, Jane.

13 Would you re-ask the question?

14 BY MR. WOODCOCK:

15 Q When you addressed the question to Dan Conrad
 16 "what was the Toys project all about?" were you trying to
 17 get at the inconsistent statements that the Channell
 18 organization had made that, first, Toys accounts equaled
 19 arms, and then later that they had only provided
 20 humanitarian assistance?

21 A Yes.

22 Q You were asking Conrad to explain that to you

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Mikepaulus 1 when you addressed that question to him; is that right?

2 A Yes.

3 Q Let me ask you one more question about the
4 Conrad conversation on January 5th. In that conversation
5 did you mention to him that you had copied any documents
6 from the Channell organization?

7 A No, I hadn't. I said that I knew about the
8 miscellaneous credits, I knew about the miscellaneous
9 debits, I knew about the money to PMI, I knew how much
10 money had gone to IBC. I did not say that I had anything
11 in my possession.

12 Q Did you link your knowledge or your
13 understanding of the wrongs that the Channell organization
14 had done to the proposed settlement that Linda Guell had?

15 A No, I didn't. When I was saying "you've lied to
16 me about this, you've lied to me about that" I wanted him
17 to also know that I had become friends with Linda and that
18 I learned about all the lies that she had been told that we
19 were not told about with regard to when Western Goals was
20 acquired. A promise was made that the creditors would be
21 paid off, and that had not been done. I referred to the
22 the plug being pulled on Network America, and yet we

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...kepaulus 1 continued to raise money for it and then we are told that
2 the plug had been pulled. I referred to other aspects of
3 Western Goals.

4 I told him also that I had learned a lot about
5 the rules and regulations of tax exempt organizations from
6 Linda, and said, "Thank God for Linda that I've learned
7 about these things. What about all the suites that we
8 stayed in, the limousines, the fine hotels?"

9 He said, "That's perfectly legitimate." He
10 said, "You don't have to necessarily stay in government
11 rate hotels, and we keep our expenses very low."

12 I said, "I don't think we do. Why did we move
13 from a town house on Capitol Hill that is \$1,700 a month to
14 the whole third floor of the National Shops at \$31,000 a
15 month when we only acquired three new employees?"

16 He said, "Well, we're going to expand. You know
17 how we're going to expand. You know what the ultimate goal
18 is."

19 I told him that I knew about the proposal that
20 Linda had made to them. I said, "You never intended to
21 carry on what Larry McDonald had begun seven years ago.
22 That's very obvious to me, Dan. You expected me to raise

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Mikepaulus 1 money for Western Goals and to tell people that we are
2 carrying on the tradition that Congressman McDonald had set
3 forth with Western Goals." I said, "We never did that." I
4 said, "How can you lie about all this?"

5 Q How did he respond to that?

6 A He said, "We're going to get Network America
7 back on line." I said, "You said it was going to be back
8 on line in January. It's not back on line. It's never
9 going to be back on line." And I said, "All of the plans
10 that you have for Germany," and I referred to all he wanted
11 to do was go over there and get money from the rich widows
12 of Germany, just as he gets all his money from the rich
13 widows in this country.

14 Q What did Conrad say to that?

15 A He said, "That's ridiculous." He said, "We have
16 supporters who are wealthy widows." I said, "They make up
17 the majority of our support." And I said, "Did you know
18 that a certain percentage of a tax exempt organization's
19 funds has to come from direct mail? We never do any of
20 that." I kept bringing up all these things.

21 I finally got to the point where I said "I think
22 it's a shame that you have destroyed Western Goals.

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...kepaulus 1 You've taken something and shelved it." And I said, "and
2 she set out to do something worthwhile and realistic" --

3 Q Linda Guell?

4 A Yes.

5 -- "in the advance of freedom and democracy, and
6 all we were was a fund-raising operation, and I don't even
7 know at this point that we have helped those people that we
8 set out to help from day one."

9 Q Was that the end of the conversation?

10 A No. And I said, "As far as I'm concerned, I
11 think you should honor her proposal." I definitely made
12 that statement.

13 Q Did you describe what you understood her
14 proposal to be?

15 A No, I didn't. I said, "I know about the
16 proposal that she has made to you through Curt Herge, and I
17 know that she has been negotiating with you. If you are
18 not going to do anything that Western Goals set out to do,
19 then at least give her the opportunity to." And I said, "I
20 was thinking about working with her." I said, "I'm not
21 going to work with you people. You've not done anything
22 that you set out to do. You've lied to me. You've lied to

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makepaulus 1 her. You've lied to creditors. You've lied to
2 contributors. You lie left and right. I don't want to be
3 a part of that." And I said, "I don't know what I'm going
4 to do."

5 Q What did Conrad say to that?

6 A He said, "Well, I suppose you're going to have
7 to do whatever you think is best." I said, "Yes, I guess
8 so." And that was the end of the conversation.

9 (Whereupon at 12:00 noon the deposition was
10 adjourned.)

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NOTICE

ONLY AUTHORIZED PERSONNEL
ARE ALLOWED IN THE OFFICE.
ALL DOORS ARE TO BE KEPT
LOCKED. THIS POLICY IS
EFFECTIVE IMMEDIATELY.

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UNITED STATES SENATE

SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITIONDEPOSITION OF JANE E. McLAUGHLIN

Washington, D. C.

Wednesday, April 29, 1987

Deposition of JANE E. McLAUGHLIN, called for further examination pursuant to agreement by counsel, at the offices of the Senate Select Committee, Hart Senate Office Building, Suite 722, at 9:55 a.m. before KATHIE S. WELLER, Court Reporter, when were present:

W. THOMAS McGOUGH, JR., ESQ.
Associate Special Counsel
United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition

THOMAS FRYMAN, ESQ.
Assistant Majority Counsel
KENNETH R. BUCK, ESQ.
Assistant Minority Counsel
United States House of Representatives
Select Committee to Investigate Covert
Arms Transactions with Iran

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originally Declassified/Released on 2/10/22 (189)
under provisions of E.O. 12356
by D. B. B. National Security Council

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C O N T E N T SWITNESSEXAMINATION

Jane E. McLaughlin (Resumed)

| | |
|----------------|-----|
| by Mr. McGough | 154 |
| by Mr. Fryman | 163 |
| by Mr. Buck | 182 |
| by Mr. Fryman | 204 |
| by Mr. Buck | 206 |

E X H I B I T SMcLAUGHLIN DEPOSITION NUMBERIDENTIFIED

| | |
|------------|-----|
| Exhibit 6 | 156 |
| Exhibit 7 | 160 |
| Exhibit 8 | 166 |
| Exhibit 9 | 168 |
| Exhibit 10 | 170 |
| Exhibit 11 | 171 |
| Exhibit 12 | 176 |
| Exhibit 13 | 180 |

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PROCEEDINGS

Whereupon,

JANE E. MC LAUGHLIN

resumed the stand and, having been previously duly sworn, was examined and testified further as follows:

EXAMINATION (Continued)

BY MR. MC GOUGH:

Q Let's go on the record.

Ms. McLaughlin, I just have a few questions that about really two documents, one of which was produced by you and one of which was produced from another source. Let me show you or have marked as a Deposition Exhibit the first one. You would remain under oath because the deposition was not adjourned?

A Yes, I recognize this document.

Q Could you for the record state what it is?

A This is a transcript of notes that I took and that were taken by Rafael Flores based on telephone conversations with Mr. Channell to prepare me to solicit

Q And was that for contributions to Nicaragua?

A What he wanted to do was solicit these people for

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1 funding to prepare television ads supporting the President's
2 policies in Nicaragua, and we would let the President know
3 that [REDACTED] funded these ads and therefore would
4 gain them access to the White House. That was the game plan.

5 Q Can you tell me precisely how this was generated,
6 how it came about?

7 A I was on the phone with Spitz, and each of the
8 fundraisers had a personal computer which we would -- I would
9 sit there and write up what Spitz was saying, and Rafael, who
10 was working with me, working with Spitz, on this project, to
11 prepare me to make these solicitations, I was told in advance
12 that I would have to have everything outlined [REDACTED]

13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 I would be talking to them over the phone, and these
17 [REDACTED] that were taken as a result of conversations over
18 the phone with Spitz and conversations that Rafael had with
19 Spitz, [REDACTED] That
20 was all typed up.

21 MR. MC GOUGH: Let me interject here and have the
22 reporter mark this as whatever the next deposition number

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1 is.

2 (McLaughlin Exhibit 6 identified.)

3 BY MR. MC GOUGH:

4 Q The Exhibit 6, the transcript that you have
5 referred to, has in it references to conversations between
6 Spitz and the President and Spitz and the White House; is
7 that right?

8 A Right.

9 Q What was the occasion for those conversations, if
10 you know?

11 A I don't know. [REDACTED]

12 [REDACTED] Everything that's here is precisely what I was told to
13 say, and in outline form exactly as I was to say it over the
14 phone [REDACTED] almost as if I was to read this.

15 Q Do you know if Mr. Channell did in fact have
16 conversations with President Reagan or with the White House

17 [REDACTED]?

18 A No, I do not, and if you care for my opinion, I do
19 not believe he did.

20 Q Now, the gist of this, am I correct, is the
21 opinion that [REDACTED] might be able to improve their
22 relations with President Reagan and the White House by making

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1 donations to support the Nicaraguan resistance; is that fair
2 to say?

3 A That's fair to say. It was explained to me that
4 based on Spitz's alleged meeting with President Reagan,

5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]

11 it needed to be known that there were
12 [REDACTED] who are supportive of the
13 President's policies, and this was the way to gain them
14 access, and that Spitz could provide that for them if they
15 cooperated in funding this campaign.

16 Q Can you put a time ~~framing~~ on this memorandum?

17 A It would have been middle of August, middle, end
18 of August.

19 Q Of 19 --

20 A '86.

21 Q Did in fact you make any calls along these lines?

22 A There is someone who could very easily corroborate

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1 my story who is outside of the organization. His name is
2 [REDACTED] He is of the Roosevelt Center
3 for Public Policy Studies.

4 Q What was his connection with things?

5 A I don't know how he was brought into it, but he
6 did have lunch with [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]

14 Q We may have gotten to the answer to the question
15 at the end there. Did in fact you make the solicitations
16 reflected?

17 A Yes, I did.

18 Q How many times did you make it?

19 A Twice, [REDACTED]

20 Q Both in person?

21 A No, over the phone.
22 [REDACTED] and at one point

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1 I went as far as to provide [REDACTED] with an account
2 number at Palmer National Bank so that funds could be wired
3 in, and [REDACTED] -- I have her name written somewhere -- is
4 the contact at Palmer National Bank, because I called her
5 twice to find out if the funds had been wired in and they had
6 not. [REDACTED]

7 [REDACTED] I think it was \$12,000 that was going
8 to be an initial amount to be wired in.

9 Q Can you tell me the position of the two
10 [REDACTED] that you have identified?

11 A I have it written down. I don't have it here.

12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]

19 Q To your knowledge, were the funds being solicited
20 for the TOYS project?

21 A No.

22 Q What was the purpose of the funds?

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1 A The purpose of the funds was to fund the
2 television ads in support of the President's policies.

3 Q It was for the television ads as best you know?

4 A Yes.

5 MR. MC GOUGH: Let's have marked as the next
6 Deposition Exhibit this document.

7 (McLaughlin Exhibit 7 identified.)

8 THE WITNESS: Do I recognize this? Yes, I do.

9 BY MR. MC GOUGH:

10 Q Do you recognize this?

11 A Yes, I do.

12 Q What is it?

13 A These are Dan Conrad's notes.

14 Q Were they referred to as "to-do" lists by Dan?

15 A Yes.

16 Q To do, being t-o, d-o. If you look, I believe
17 this was the way they were presented to us, and it has been
18 kept in this order. If you look at the last page, I believe
19 that is in fact the first page of the "to-do" notes?

20 A Yes.

21 Q And it is dated December 10, 1986; is that right?

22 A Yes.

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1 Q Were you with NEPL on December 10, 1986?

2 A Technically, but I was not there.

3 Q Right. If you will turn to -- if you look down at

4 the lower right-hand corner, you will see A numbers. Turn to

5 page A 20851, if you would.

6 A Yes.

7 Q And you can look at as much of it as you want to

8 get the context, but if you -- this is under, if you go back

9 to 2848, this is under the major heading "Administration,

10 XXIV," items in particular item W, which is Green list of

11 contributors to Nicaragua, and there are three names, Brunei,

12 Goldsmith and then three, "ask them for the constitution,"

13 exclamation point. Do you have any idea what this reference

14 is in this particular to do list?

15 A I can deduce what it is.

16 Q What is your deduction?

17 A Do you want me to do that?

18 Q Yes?

19 A Brunei, the country, Goldsmith, to the best of my

20 knowledge, is Sir Goldsmith, and "ask them for the

21 constitution" is referring to Green's private list of

22 contributors to Nicaragua, get them to contribute to NEPL's

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1 constitution project, which is under way as we speak.

2 Q Did you have any reason to believe that Brunei was
3 a contributor to Nicaragua?

4 A No, I don't know one way or the other.

5 Q Did you ever in any discussions with Mr. Channell
6 and Mr. Conrad or anyone else associated with NEPL discuss
7 contributions or the possibility of contributions by Brunei
8 to the Nicaraguan resistance --

9 (Discussion off the record.)

10 THE WITNESS: No.

11 BY MR. MC GOUGH:

12 Q Other [REDACTED] did you discuss contributions
13 to the Nicaraguan resistance by any other foreign powers that
14 you can recollect?

15 A No.

16 Q To your knowledge, was Sir Goldsmith a contributor
17 to the Nicaraguan cause?

18 A Not to my knowledge.

19 Q Do you recall discussing with anyone at NEPL the
20 possibility that he might have been or ought to be solicited
21 for contributions for Nicaragua, for the Nicaraguan
22 resistance?

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1 A No.

2 MR. MC GOUGH: That's all I have. I turn it over
3 to Tom Fryman.

4 (Discussion off the record.)

5 EXAMINATION

6 BY MR. FRYMAN:

7 Q Ms. McLaughlin, in your work for NEPL, you had
8 occasion to send various letters to contributors or potential
9 contributors, did you not?

10 A Yes, I did.

11 Q What was the procedure for drafting those letters?

12 A For the most part the letters were drafted by
13 Spitz, and they were always very lengthy, sometimes three or
14 four pages in length, which I didn't feel was necessary, so I
15 would usually scale them down. He was often -- obviously
16 very verbose and redundant, and I was of the belief that a
17 businessman or woman would prefer to have everything on one
18 page versus four pages.

19 Q After you edited the letters down, were they
20 reviewed by someone else in the organization?

21 A Sometimes by Dan.

22 Q When you sent a letter out, how were the files

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1 maintained? Were they maintained by you or was there a
2 central file where correspondence was maintained?

3 A Well, it would depend on the letters themselves.
4 If I was sending letters out, follow-up letters, I would keep
5 copies of the letters. If it was a standard letter that was
6 going out to, for instance, introduce a project, and it was a
7 mass mailing that was being done, for instance when we sent
8 out the My Dream proposals for the SDI project, a copy of the
9 letter, I believe, was always kept by Angela.

10 Q Now, would there be some occasions when the only
11 file copy of a letter in NEPL was the copy that you
12 maintained or would there always be another --

13 A If it was a letter going out by me, I kept copies
14 of every letter I sent out.

15 Q And you would have the only file copy in the
16 organization?

17 A Yes.

18 Q Now, you mentioned that when you left NEPL, you
19 took certain documents with you, including, I believe, your
20 own book. Were there some letters in that book?

21 A Copies of letters?

22 Q Yes.

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1 A Or letters that I sent out or correspondence to
2 me.

3 Q Letters that you sent out.

4 A Oh, yes, all of them.

5 Q Do you know as to those letters whether there were
6 any other copies in the NEPL file other than the copy that
7 you took with you?

8 A I'm going to repeat your question to see if I have
9 this correctly. You are asking me if there was only one copy
10 of my correspondence in my file, or if there could have been
11 other copies that somehow were generated of my letters. Is
12 that what you are asking?

13 Q Yes. Are you aware -- I will rephrase the
14 question. The letters that you sent out, did you maintain
15 the only file copy at NEPL, or were there other file copies
16 at the organization to your knowledge?

17 A To the best of my knowledge, there was only one
18 copy.

19 Q All right.

20 MR. FRYMAN: I will ask the reporter to mark as
21 McLaughlin Deposition Exhibit 8 for identification a letter
22 dated April 3, 1986 from Ms. McLaughlin to Bruce Hooper.

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1 (McLaughlin Exhibit 8 identified.)

2 BY MR. FRYMAN:

3 Q Ms. McLaughlin, I show you a Deposition Exhibit 8,
4 and I ask if that is a letter that you drafted and caused to
5 be sent to Mr. Hooper on or about April 3, 1986.

6 A I did not draft this letter.

7 Q Who drafted it?

8 A This is an excerpt. This is all -- the first
9 paragraph, the second paragraph, the third paragraph are
10 Spitz's words.

11 Q What was this excerpted from?

12 A Fundraising letters that Spitz had drafted, and we
13 were given copies of them and were to send them out to
14 potential contributors, and this was to prepare people for
15 our upcoming military briefings. For instance, I have had it
16 asked to me that in the second paragraph, there's direct
17 reference to the TOYS project, which when I sent this letter
18 out, it certainly was not intended that way. Of course,
19 Spitz had a very interesting way of getting his point across
20 without coming right out and stating it.

21 Q Well, the second paragraph reads, "Not simply
22 humanitarian aid, but more importantly, the effective

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1 military aid needed if the freedom fighters are to continue
2 successfully resisting attacks by Soviet-supplied MI-24/HIND,
3 H-I-N-D, D, gunships."

4 As I understand your testimony, that paragraph was
5 drafted by Mr. Channell?

6 A Yes.

7 Q And that was in a general document that you used
8 in connection with drafting this letter?

9 A That all the fundraisers used.

10 Q And what did you understand that that referred to?

11 A My understanding is that it is a direct reference
12 to the President's crucial campaign. He was not just
13 requesting humanitarian assistance. He was requesting
14 military assistance.

15 Q Now, was this letter maintained in your own book
16 that you have described?

17 A Yes, I had a three-ring notebook that I kept
18 copies of all my correspondence in.

19 Q And was this letter when you sent it shown to
20 anyone else in the NEPL organization?

21 A It was probably shown to Dan.

22 Q Do you recall showing it to Dan?

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1 A I probably did. I don't necessarily recall
2 whether I did or did not. I usually showed Dan everything
3 that I sent out.

4 Q Your normal practice was to circulate materials to
5 him?

6 A My normal practice, yes.

7 Q And this is one of the letters that you took with
8 you when you left; is that correct?

9 A Yes.

10 MR. FRYMAN: I ask the reporter to mark as
11 McLaughlin Deposition Exhibit 9 for identification a letter
12 to Mr. Blanco, B-l-a-n-c-o, dated April 15, 1986.

13 (McLaughlin Exhibit 9 identified.)

14 BY MR. FRYMAN:

15 Q Ms. McLaughlin, is that Deposition Exhibit 9 for
16 identification a letter which you sent to Mr. Blanco on or
17 about April 15, 1986?

18 A Yes, it is.

19 Q Now, in this letter, in the fifth paragraph, it
20 states that, "during and after dinner a special project to
21 specifically support the President's goals in regard to
22 Nicaragua will be discussed and undertaken by the group."

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1 A Yes.

2 Q What did that sentence refer to?

3 A That sentence, which was drafted by Spitz and was
4 usually part of the mailgrams that were sent out, refers to
5 the TOYS project.

6 Q And what, then, did you understand would be
7 discussed at the meeting after dinner?

8 A The way this worked is, we would invite people to
9 come to these military briefings by sending them a mailgram
10 and setting the stage for them to meet with a high-level
11 national security official. The guise of the event was the
12 Central American freedom program, but each of the
13 fundraisers' job was to weed out those people who were
14 potential TOYS contributors, and we were only supposed to
15 invite people that we expected could conceivably be receptive
16 to this TOYS project. It would not be discussed openly, the
17 special project would never be discussed openly even after
18 the private briefings at the dinners at the Hay-Adams. We
19 would take the opportunity to figure out whether these
20 people, whether each of our contributors or potential
21 contributors would be receptive to this, and set the stage
22 for Spitz to move in and invite them to meet one on one with

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1 Ollie.

2 Q Did you show this letter, exhibit, to Mr. Conrad?

3 A Probably.

4 Q It was your usual practice to show him letters of
5 this sort?

6 A Yes.

7 Q And you maintained this letter in your file, which
8 you took with you when you left; is that correct?

9 A Yes.

10 MR. MC GOUGH: Excuse me, can we go off the
11 record?

12 (Mr. McGough leaves room.)

13 MR. FRYMAN: I ask the reporter to mark as
14 McLaughlin Deposition Exhibit 10 for identification, a letter
15 dated April 21, 1986, from Ms. McLaughlin to Mr. Conill,
16 C-o-n-i-l-l.

17 (McLaughlin Exhibit 10 identified.)

18 BY MR. FRYMAN:

19 Q Ms. McLaughlin, if you would look at Deposition
20 Exhibit 10 and tell me if you recognize that document.

21 A Yes, I do.

22 Q Is that a letter that you sent to Mr. Conill on or

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1 about that date?
2 A Yes, it is.
3 Q And was it your usual practice to show letters of
4 this sort to Mr. Conrad?
5 A Yes.
6 Q And is this a letter that you maintained in your
7 file?
8 A Yes.
9 Q And this is one of the letters that you took with
10 you when you left; is that correct?
11 A Yes.
12 MR. FRYMAN: I ask the reporter to mark as
13 McLaughlin Deposition Exhibit 11 for identification a group
14 of handwritten notes which contain the following
15 identification numbers at the bottom. A 20567, A 20591, A
16 27406 A, A 27635, A 27636, A 27631, A 27632, A 27633, A
17 227634, A 27704, A 27705, A 27406, A 27672, and A 27671.
18 (McLaughlin Exhibit 11 identified.)
19 BY MR. FRYMAN:
20 Q Ms. McLaughlin, I ask you to look at this exhibit,
21 and let's take it page by page starting with page number
22 20567; do you recognize the handwriting on that page?

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- 1 A Yes, I do.
- 2 Q Whose handwriting is that?
- 3 A Dan Conrad's.
- 4 Q And would you look at 20591 and identify that
- 5 handwriting if you can?
- 6 A It is Dan Conrad's.
- 7 Q Now, I direct your attention to the next page,
- 8 27406 A. Whose handwriting is that?
- 9 A Dan Conrad's.
- 10 Q And the next six pages, 27635, 27636, 27631,
- 11 27632, 27633 and 27634, do you recognize the handwriting on
- 12 those pages?
- 13 A Yes, it is Dan Conrad's.
- 14 Q And continuing through this exhibit, page 27704,
- 15 whose handwriting is that, if you know?
- 16 A This is all Dan Conrad's, if that helps you.
- 17 Q Each page in the exhibit is in Mr. Conrad's
- 18 handwriting?
- 19 A Yes.
- 20 Q Now, I direct your attention to the third page,
- 21 27406 A.
- 22 A Yes.

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1 Q Were you shown that note while you were an
2 employee of NEPL?

3 A No, not this specifically. Some of this I did see
4 because I was often in Dan's office with him when he was
5 working on this, but I don't recall seeing something that was
6 written this way, sideways.

7 Q Regardless of whether or not you have seen this
8 page, there's a reference at the top of page 27406 A that
9 states, "60 K to Ollie ASAP" do you know what that note
10 refers to, if you know?

11 A Yes, I do.

12 Q What does that refer to?

13 A \$60,000 to Lieutenant Colonel Oliver North as soon
14 as possible.

15 Q Do you know the approximate date of this note or
16 what the occasion was?

17 A No. But I could probably figure it out based on
18 my calendar, because there's something here that refers to
19 meeting with Ambassador Sorzano at 4:00 p.m. I went to see
20 Ambassador Sorzano with Dan Conrad at 4:00 one afternoon in
21 their offices on Thomas Jefferson Street. I would have to
22 look in my calendar.

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- 1 Q There's also a reference on that page to --
- 2 A It would have been before August. Pardon me for
- 3 interrupting you.
- 4 Q There's also a reference on that page to Bass
- 5 Brothers and Green.
- 6 A Yes.
- 7 Q Do you recall any discussion of the Bass Brothers
- 8 while you were an employee?
- 9 A Oh, yes, we were always trying to bring the Bass
- 10 Brothers aboard. I worked on one of them and Cliff worked on
- 11 the other.
- 12 Q Do you know if any meetings with any of the Bass
- 13 Brothers and Colonel North were arranged?
- 14 A No, I do not. I do not believe so.
- 15 Q Turning to page 27705 --
- 16 A Okay.
- 17 Q That again you believe is Mr. Conrad's
- 18 handwriting?
- 19 A Yes, it is.
- 20 Q Now, the reference at the bottom is to "Green
- 21 shopping list due 1/15/86." Do you first of all recall
- 22 seeing this page of notes while you were a NEPL employee?

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1 A Not this specific page.

2 Q Do you recall any reference to such a shopping
3 list around January of 1986?

4 A Yes, there were references made to it. I wasn't
5 certain what the shopping list, or Santa's list, which I had
6 heard used interchangeably, I did not know until later what
7 exactly that referred to, but that I learned later that that
8 referred to materi^{el}. Military supplies.

9 Q Now, in the earlier part of the year, when you
10 heard references to the shopping list or to Santa's list, who
11 made these references?

12 A Cliff and Dan.

13 Q That's Cliff Smith and Dan Conrad?

14 A Yes. Mostly Cliff, and I only heard it on a few
15 occasions.

16 You have to remember I started January 15, and we
17 were working on the President's meeting, and I didn't really
18 learn about Green and the TOYS project until February.

19 Q Now, I believe you have testified about this
20 earlier, but let me ask you again, who at a later point in
21 time identified for you what the phrase "shopping list" or
22 "Santa's list" referred to?

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1 A Kris Littledale.

2 Q And did you have any discussions with anyone other
3 than Mr. Littledale about the list?

4 A Not specifically about the list. There were
5 subsequent conversations with Cliff about the TOYS project
6 and Green and our work on it, but Cliff was always very
7 nervous talking to me, and I spent most of my time with Kris.

8 Q If you would look at the last page,
9 Ms. McLaughlin, page 27671, there's a reference to call Bruce
10 Hooper, re: \$100,000 and how it will be used.

11 A Right.

12 Q Is that something that you discussed with
13 Mr. Conrad around June of 1986?

14 A With Dan and with Spitz. Bruce had when he sent
15 his check for \$100,000 he sent a note with it requesting that
16 Ollie call him to let him know what he was going to do with
17 the money.

18 MR. FRYMAN: I ask the reporter to mark as
19 McLaughlin Deposition Exhibit 12 for identification a
20 handwritten group of notes headed "17 selected CD's."

21 (McLaughlin Exhibit 12 identified.)

22 (Discussion off the record.)

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1 BY MR. FRYMAN:

2 Q Ms. McLaughlin, I show you Deposition Exhibit 12
3 for identification, and I ask you if you recognize that
4 document.

5 A Yes, I do.

6 Q Whose handwriting is that?

7 A This is my handwriting. My printing.

8 Q Can you describe this document?

9 A Yes. This is a document that is referring to the
10 17 Congressional districts, swing vote districts, swing vote
11 districts referring to opposition, vacillating opposition to
12 the President's policies in Central America.

13 Q And how was this document prepared?

14 A I think I did this primarily for myself, for my
15 own information.

16 Q Who gave you the information to use in preparing
17 this?

18 A Well, I acquired the information from my -- the
19 blue politics book, that was like our Bible. What's the name
20 of that book? Do you know what I'm referring to, the
21 American politics -- it gives a breakdown of every state and
22 every senator and congressman and talks about -- you know

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1 what I'm talking about, it is like the Bible on the Hill.

2 Q You are referring to a standard political
3 reference book that you used in your work?

4 A Yes. But as far as knowing which were the 17
5 selected Congressional districts, we knew that because these
6 were the areas in which we were placing the ads, the
7 television ads.

8 Q The 17 districts, then, were included on this list
9 because you knew these were districts where the television
10 ads were being placed; is that correct?

11 A Yes. We were supposed to refer to them as media
12 markets, when in fact they were the opposition Congressional
13 districts.

14 Q Who told you to refer to them as --

15 A Spitz did.

16 Q On what occasion?

17 A In several occasions when he would sit down and
18 discuss with us our solicitation procedures, et cetera, that
19 it was important to refer to, even in our letters to refer to
20 the placement of these ads in key media markets across the
21 country.

22 Q Did he explain to you why he believed it was

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1 important not to refer to them as selected Congressional
2 districts?

3 A Yes, he did. He explained that somewhere, at some
4 point, someone may be an adversary rather than an ally, and
5 could use that information against us, and if it were to get
6 into the hands of the liberals, it could be damaging to our
7 campaign, and then I then figured it out that it was a
8 lobbying effort, a fine-line lobbying effort, that if we were
9 to actually say to someone, we're placing these ads in
10 swing-vote Congressional districts, that -- you have crossed
11 the line from an educational effort to a lobbying effort
12 using tax-exempt funds.

13 Q Now, was it your understanding that funds
14 contributed to the National Endowment for the Preservation of
15 Liberty were being used to buy advertisements in these
16 districts?

17 A Oh, yes. That was the Central American freedom
18 program.

19 Q Right. And a central purpose of the Central
20 American freedom program was to make such media ^{purge} ~~line~~ in these
21 selected areas; is that correct?

22 A Yes.

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1 MR. FRYMAN: I ask the reporter to mark this
2 document as McLaughlin Deposition Exhibit 13 for
3 identification.

4 (McLaughlin Exhibit 13 identified.)

5 BY MR. FRYMAN:

6 Q Ms. McLaughlin, I show you Exhibit 13 for
7 identification and I ask you if you recognize that document.

8 A Yes, I do.

9 Q Whose handwriting is on that document?

10 A Dan Conrad's.

11 Q Were you given a copy of this document?

12 A Is that Dan Conrad's? Or is that Spitz's? Their
13 handwriting is so similar. Dan's and Spitz's. This might be
14 Spitz's. Yes, I think this may be Spitz's handwriting.

15 Q Well, are you uncertain about the handwriting?

16 A It is Spitz's.

17 Q The handwriting on Exhibit 13, you believe is
18 Mr. Channell's?

19 A Yes, I do.

20 Q Were you given a copy of this document?

21 A Yes, I was.

22 Q What were the circumstances in which this was

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1 given to you?

2 A This was -- I believe Dan Conrad prepared this
3 document, and it was information based on the Democrat list
4 that had voted for Bob Michel. What am I trying to say?
5 This was on or about the time of the vote on the President's
6 aid package, and Bob Michel had introduced an alternative to
7 the vote. Remember when it was defeated on March 20, and
8 then he came in and it is a stalling effort of sorts that he
9 did, and this is just a breakdown of who voted for what to
10 give us an idea of who was with us and who was against us.

11 Q And was this distributed generally to the
12 fundraisers in NEPL?

13 A Yes. See, it could conceivably be Dan's writing,
14 because here is his writing on the second page. Madigan of
15 Illinois and Bob Smith of Oregon. That's his writing, so he
16 could have written that on there. The only reason I don't
17 think it is Dan's is that Dan is not the least bit
18 political. He is not political at all. He had to be told
19 who stood where and why and when, and he wouldn't know to
20 write defense or offense. He just wouldn't know.

21 Q Well, to summarize --

22 A Unless he was told.

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1 Q To summarize, Ms. McLaughlin, on the second page
2 of this exhibit, I take it from your testimony you believe
3 that handwriting is Mr. Conrad's?

4 A Yes, it is.

5 Q And on the first page, you are uncertain about
6 whose handwriting that is; is that correct?

7 A No, I'm not uncertain. I do believe that it is
8 Spitz's handwriting.

9 MR. FRYMAN: Ms. McLaughlin, I have no further
10 questions at this time. I believe Mr. Buck may have a few
11 questions.

12 (Discussion off the record.)

13 EXAMINATION

14 BY MR. BUCK:

15 Q Ms. McLaughlin, the first thing I would like to do
16 is go through some of your personal background with you.
17 When were you born?

18 A December 10, 1962.

19 Q And what high school did you attend?

20 A Bloomsburg Senior High School.

21 Q Where?

22 A Bloomsburg, Pennsylvania.

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1 Q Could you describe the rest of your education
2 after that, please?

3 A I graduated from high school in 1979. I then went
4 to Gordon College in Wenham, Massachusetts. I stayed there
5 one year. I moved to Seville, Spain, and stayed there
6 approximately two years. I came back and finished my degree
7 at Penn State University, graduated in May 1983 with a BA in
8 international politics and foreign affairs. I was then
9 recruited by Merrill Lynch, Pierce, Fenner & Smith
10 Incorporated.

11 Q Just education at this point.

12 A Education is over.

13 Q Where did you live after you graduated from Penn
14 State?

15 A I moved to New York.

16 Q And why don't you describe the job you took there.

17 A I was hired by Merrill Lynch as an account
18 executive trainee. I became registered as a retail account
19 executive, stockbroker, and stayed in production until
20 October of 1984. I then left Merrill Lynch and went to
21 Alliance Capital Management Corporation.

22 Q Why did you leave Merrill Lynch?

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1 A Greener pastures.

2 Q Did you have a job offer before you left?

3 A No, I didn't. I had contacts elsewhere.

4 Q And you just felt certain that you would get a job
5 after you left?

6 A Yes. I joined Alliance Capital in December 1984
7 and was an assistant to an international portfolio manager,
8 and stayed there a year and left New York in November 1985.
9 I was home with my parents for about two months in
10 Pennsylvania, and moved to Washington in January 1986.

11 Q Why did you leave Alliance Capital?

12 A Is that important?

13 Q I'm curious.

14 A Is it important?

15 Q Yes, it is important?

16 A To my testimony?

17 Q Yes.

18 A I was very unhappy and I was physically ill.

19 Q Unhappy with your boss or unhappy with --

20 A Just unhappy.

21 Q I take it you didn't have another job when you
22 left Alliance Capital?

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- 1 A No, I didn't. I went home to recuperate.
- 2 Q Do your parents work presently?
- 3 A My father is retired. My mother still works.
- 4 Q What did your father do before he retired?
- 5 A He was a physical education director at Bloomsburg
- 6 University.
- 7 Q What does your mother do now?
- 8 A She is an elementary school teacher.
- 9 Q And are you married?
- 10 A No, I'm not.
- 11 Q Where do you presently reside?
- 12 A [REDACTED]
- 13 Q Could I get an address?
- 14 A [REDACTED] I thought you
- 15 told me I didn't have to reveal this kind of information.
- 16 MR. COHEN: Off the record.
- 17 (Discussion off the record.)
- 18 BY MR. BUCK:
- 19 Q What did you know about the Channell organization
- 20 before you joined it?
- 21 A Nothing.
- 22 Q I think we might have --

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1 A Much to my dismay, no.

2 Q I think we might have this on the record, but
3 could you tell me how you got your job at the Channell
4 organization?

5 A I came down to Washington in, I think it was I
6 first came down in late November, and then came down in early
7 December to job hunt, circulating my resume to Republican job
8 banks and conservative job banks, and went to the Leadership
9 Institute and talked with a gentleman by the name of Steve
10 Whitener, who told me that an organization call the American
11 Conservative Trust was in need of fundraisers, and he also
12 told me that they had another organization which was an
13 educational foundation that worked exclusively on foreign
14 policy and defense issues, and these were the two issues in
15 which I was most interested, so I contacted Dan Conrad
16 directly; Steve Whitener was to have done that for me, but he
17 didn't say so, I took it upon myself to call Dan, and on
18 December 11, I'm pretty sure it was December 11, I met Dan at
19 the Hay-Adams hotel. We had drinks in the lounge, and he
20 talked to me all about NEPL and the upcoming Central American
21 freedom program.

22 I hit it off with Dan immediately. I really liked

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1 him. I was very impressed with the things he was saying to
2 me, and I told him that I wanted to work with him. He then
3 told me, well, we're going to have one problem. He was very
4 impressed with my background. He had once been a broker, and
5 he believed that my experiences on Wall Street would lend
6 themselves very well to the work they were doing, but that
7 the problem was Spitz Channell, the boss, who didn't believe
8 women could raise money, so he would have to overcome that
9 obstacle first, which he would do, and then get back to me.

10 I was very eager to get down to Washington and get
11 working and get back on my feet again, so I moved down after
12 a few ^{days} ~~weeks~~ and kept after Dan and did some other
13 interviewing. Danny Graham was interested in hiring me and
14 NICPAC wanted me, and Dan finally said I have it cleared, you
15 can start on the 15th, so I came in on the 15th. I had not
16 met Spitz. I didn't even meet him the day I started.

17 Q Okay, you mentioned that you came to D.C. and were
18 interested in some particular issues. I'm wondering, where
19 do you place yourself on the political spectrum?

20 A In foreign policy and defense issues, very
21 conservative, though I am not pleased with the outcome of our
22 policies in Central America. They have become considerably

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1 misguided in my opinion.

2 Q And you are aware that the Channell organizations
3 or you were aware at this time that Channell organizations
4 raised money for conservative causes?

5 A I was not political prior to coming to
6 Washington. I knew I was never affiliated with the
7 Republican party in any way. I mean I come from a
8 Republican, relatively conservative family, but apolitical.

9 Q I'm just wondering about your knowledge of the
10 Channell organizations?

11 A There was no knowledge. None whatsoever.

12 Q Then you talked with Dan Conrad?

13 A Yes.

14 Q Then you developed a knowledge of the Channell
15 organizations?

16 A I learned about the National Endowment and the
17 American Conservative Trust.

18 Q And they were conservative organizations?

19 A Yes.

20 Q And you therefore felt that -- or let me ask a
21 question, did you feel that your views and the purposes of
22 the Channell organizations were similar at that point in

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1 time?

2 A Yes, I did.

3 Q What was your income when you joined the Channell
4 organization?

5 A I started and finished at the same, \$2500 a month,
6 which is \$30,000 a year.

7 Q Since leaving the Channell organization, what has
8 your income been?

9 A Zero. Big fat[~]one.

10 Q You have not received income from any sources then
11 since leaving Channell?

12 A Well, do I consider help from my parents and a few
13 friends considered income?

14 Q I guess it would be a way of surviving.

15 A Loans.

16 Q And other than loans, that's the only --

17 A There's been no other remuneration or income from
18 any source.

19 Q You were on a strict salary basis with
20 Mr. Channell's organization; is that true?

21 A Yes.

22 Q Do you know approximately how much Mr. Channell

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1 made when you were with his organization?

2 A In excess of a quarter of a million, all told.

3 Q That was in the one-year period in 1986 that you
4 were there?

5 A According to the documents, when you add
6 everything up you come up with -- money that was given to
7 him, money given to Channell Corporation, money given to Eric
8 Olsen, they were all ways for Spitz to be paid, and I learned
9 that from an assistant accountant.

10 Q Let me jump ahead a little bit here. When you
11 left the NEPL organization, were you angry with the NEPL
12 organization?

13 A Yes, to say the least. I remain angry.

14 Q I would like to talk to you now a little bit about
15 your motives and your mental frame when you were with them,
16 the Channell organization. How did you feel that Spitz
17 Channell treated you while you were there?

18 A Often, it was very much an emotional roller
19 coaster with Spitz. When I first joined the organization I
20 remember when he came into the office he completely ignored
21 me, but my second day on the job I raised \$30,000 and his
22 ears sort of perked up considerably, and he took me out for

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1 drinks that evening and told me -- proceeded to tell me I had
2 made a complete liar of him and he was all excited now, which
3 is just an emotional roller coaster. This man was the most
4 volatile human being I have ever known in my life. He would
5 be talking to you as I am talking to you now, very calm,
6 listen, very pleasantly, and then he would just turn, just
7 turn and berate you. He had a tongue like a double-edged
8 sword. It was just -- he said a lot of derogatory things
9 about women. I was his only female fundraiser, the only
10 female executive in the office.

11 Q Did you feel he had a bias against women?

12 A Yes I did, but that didn't bother me, because I
13 was exposed to that on Wall Street. That was what challenged
14 me to raise more money, and there were times when I really in
15 the very beginning, it was a kind of relationship where I
16 wanted to prove myself to him, and I wanted to be able to get
17 closer to him because I thought that he was a political
18 genius and that there was so much I could learn from him. My
19 opinion quickly changed.

20 Q Let me ask you this: Why did you think he had a
21 bias against women?

22 A Well, if you went out to lunch with your boss and

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1 your associates and you were the only man there, if your boss
2 was a woman and your associates were all women and they were
3 all saying cutting things about men, wouldn't you feel a
4 little uncomfortable?

5 Q Yes, I would. Was there something about Spitz
6 Channell that made you think that he as an individual did not
7 like women?

8 MR. COHEN: Is your time frame when she first met
9 him or later after she had been there a while?

10 BY MR. BUCK:

11 Q This is during the entire time you worked for him?

12 A My impression [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED] was never like that to me.

16 Q Did you feel any [REDACTED] received
17 any advantages because of that fact?

18 A I don't know what you mean by advantages. [REDACTED]
19 [REDACTED]

20 Q I mean financial advantages.

21 A Well, I would have to say that the -- I was at a
22 disadvantage, and I don't know if it can be blamed because I

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1 am a woman, I don't know what the reason is for it. But in
2 May, we hired, Dan hired a young man who was with E.F.
3 Hutton, and E.F. Hutton handled Spitz's account and NEPL's
4 account, and his background, Fred Fried's background was
5 almost identical to mine. He was two years older, but I had
6 two years' jumpstart on everybody because I started college at
7 the age of 15, so our backgrounds were very much alike; and I
8 was told when I was hired that it would be a probationary
9 period, for three months to see if things would work out, and
10 then after that time if things were going well, I would be
11 given bonuses, that that's the way it worked, and I didn't
12 ~~any~~ really care because to me \$2500 a month was a perfectly
13 fine salary, and I was interested in getting into the work
14 and that's all that mattered.

15 But unfortunately, in May, I don't know if you
16 know where the offices were on Capitol Hill, but it was a
17 real small townhouse and I worked and came in very early and
18 often worked late, and I remember being in the kitchen, which
19 was also the makeshift accounting department, making coffee,
20 and the phone rang and I was the only one there, and Philip
21 Meo used to keep the desk absolutely clear. There was
22 absolutely nothing on the desk, and I'm answering the phone;

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1 and I need a piece of paper and pencil, so I opened his right
2 hand drawer to pull out a legal pad which was on top and a
3 pencil, and I'm writing on the bottom of the legal pad and on
4 the top of it, it was the end of May, in pencil were the
5 payroll figures and I was stymied. I saw Fred Fried was
6 being paid \$12,000 more a year, and I thought to myself,
7 well, perhaps he is more qualified than I thought, and it
8 really hurt me because I was making the same salary as
9 Spitz's secretary, and I had no idea that the other
10 fundraisers were making so much more money than I.

11 Q So you felt you were in a relative sense being
12 paid a small amount?

13 A Yes, in a relative sense, definitely. Cliff was
14 making 80. Kris was making 39. Spitz's salary was in excess
15 of 125 just on paper, and I was upset, and I think I had
16 every right to be, and I approached Dan about it.

17 Q Let me move on to a different subject. I just
18 wanted to know what your feelings were regarding your pay.

19 There's a strand that seems to be running through
20 all your comments on Mr. Channell, and that is that, and this
21 is my term, I want to get your term out of it, but he's a
22 fake or a con artist. Is that something that you feel?

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1 A Yes.

2 Q What do you base those opinions on? Can you tell
3 me, can you list or tell me some things --

4 MR. COHEN: First, do you adopt that or do you
5 have words of your own?

6 THE WITNESS: Yes, I do. No, I would say there's
7 a word in Spanish called "enganador," and I guess the best
8 way to translate it is an incredible BS artist, and I didn't
9 think that in the beginning, I mean I was just in awe of this
10 man. He had such command of everything, but I would have to
11 say that it started to wear down when I made my first -- so I
12 guess I was aware of some things as early as February. We
13 went to Texas to meet with a man by the name of Harry Lucas.
14 He was someone Spitz had tried to bring aboard as a
15 contributor and had no success in doing so, but I had gotten
16 so far as to get an appointment with him in Texas.

17 I remember Harry's assistant, George Bond, after
18 Harry had left the suite, I stayed in this, we always stayed
19 in the very best of hotels, and Harry didn't like that. He
20 questioned it. He said you certainly spend a lot of money in
21 your fundraising process, and I was not the least bit aware
22 of the rules and regulations of a tax-exempt organization. I

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1 had never worked with one, and unfortunately I didn't bother
2 looking into it because I believed I was coming aboard
3 working with an outfit that was working directly on behalf of
4 the President. That's the impression they gave me from day
5 one.

6 MR. COHEN: You are moving a little far afield and
7 not listening to the question.

8 BY MR. BUCK:

9 Q Let me get general categories from you if I can
10 instead of specific instances and you tell me the general
11 categories. I don't want to put anything in your mouth, why
12 he was a fake, why you did not believe he was being truthful
13 or honest with other people.

14 Let's go off the record for a second.

15 (Discussion off the record.)

16 BY MR. BUCK:

17 Q Let me ask the question again.

18 Can you give me some general categories that would
19 indicate that Mr. Channell has not been truthful with the
20 people he deals with?

21 A He would lie about budgets. For instance when we
22 were preparing projects, he would say, well, we need 2.5

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1 million for this and then five minutes later say no we need
2 3.2 million. He would change budgets in midsentence.

3 MR. COHEN: I don't think you have to go into
4 detail. He's asking for general categories.

5 THE WITNESS: He would lie about his relationship
6 with the President. Leading people to believe that he was
7 very close with the President when in fact he had only met
8 him once.

9 He lied to me about the work we were doing, most
10 notably the TOYS project. He lied about his relationship
11 with Uno. He lied a lot to contributors.

12 BY MR. BUCK:

13 Q Can you expand on that?

14 A Lying to contributors?

15 Q Yes. What did he do?

16 A He would wine and dine these very dear, wealthy,
17 widowed women and then behind their backs call them the most
18 pathetic names. He had two very supportive contributors,
19 these two women. One just happened to be extremely --

20 Q Could you tell me the names?

21 A Mary Jo Pentecost. She is a very heavy-set woman
22 but she is just a lovely woman and would sell the shirt off

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1 her back for him and behind her back, Spitz and Cliff and Dan
2 would refer to her as ^{DOE FACE} [REDACTED] and then this other woman,
3 Dr. Mary Adamkiewicz of Delaware, somewhere in Delaware, she
4 is an elderly woman and she is, you know, with age you don't
5 -- sometimes get a little less attractive, but she is another
6 woman who I think has sold some of her ^{hammocks} land to give money to
7 him, and they would refer to her as [REDACTED]

8 Q Could you briefly recap for me your relationship
9 with Linda Guell, when you met her?

10 A The first time I met her was back in the spring
11 had she had come by with I think Burkhardt Smith, who was in
12 charge of the Western Goals German office. I didn't see her
13 again until August when the Western Goals office in
14 Alexandria was moved into our offices on Pennsylvania
15 Avenue. I didn't spend any real time with her. She only
16 stayed three weeks. She was completely alienated while she
17 was there, she and her secretary both were. I always had the
18 impression, I would go by her office, and stop to say hello,
19 you know, and chitchat for a few moments, and Cliff would
20 always be there. Cliff would always come around and just
21 sort of stand there as if it were something I shouldn't be
22 doing, and he would give me dirty looks like I shouldn't be

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1 talking with her and I never quite understood that until
2 later.

3 August was about the time when I was really
4 growing --

5 MR. COHEN: The question was the relationship with
6 Linda Guell.

7 THE WITNESS: I'm getting to that. You can't just
8 describe something like that, or I can't.

9 I was growing very disgruntled with the
10 organization because of the political ads they were doing.

11 BY MR. BUCK:

12 Q The political organization?

13 A Yes, the ads in Maryland. I was not in agreement
14 with what they were doing and I started to think I should be
15 looking elsewhere. Dan knew this. Dan was encouraging me if
16 I was so unhappy. He didn't want me to leave, kept saying
17 wait until the elections are over, and I think it was in
18 September. I don't remember the first time that I called
19 her, but I remember calling her, and letting her know that I
20 was really unhappy and would she talk with me and give me
21 some ideas. I knew that she was back on the Hill in Senate
22 Judiciary and I was hoping she might be able to give me some

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1 pointers on where to go and what to do and then we just
2 became friends.

3 Q Did you develop with her a plan to get Western
4 Goals started again?

5 A No.

6 Q She left the Channell organization, could you
7 characterize what her feelings were if she expressed them to
8 you when she left the Channell organization?

9 A She was very unhappy with what they were doing
10 with Western Goals or rather what they were not doing with
11 Western Goals, and she couldn't tolerate Spitz's behavior,
12 and she wouldn't go along with the show, so she left.

13 Q Okay. You are presently unemployed; is that
14 correct?

15 A Yes.

16 Q What types of jobs are you looking for now?

17 A Just about anything, I guess, you know. Beggars
18 can't be choosers.

19 Q Are you looking for work with fund~~ra~~ising
20 organizations?

21 A Well, I have interviewed, for instance with the
22 Ethics and Public Policy Center. That is a tax-exempt

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1 organization, and they do some terrific work.

2 Q As a fundraiser?

3 A Well, it would be half and half. They want me to
4 work on their Central American project, or Central American
5 desk. They put out educational materials. They don't have
6 these showy projects that Spitz did. They write a lot of
7 books and they want someone to help them on their Central
8 American research, et cetera.

9 Q You are still looking for work in the fundraising
10 area as well as --

11 A I don't want to abandon the work I came here to
12 do. Unfortunately I was lied to and I thought I was doing
13 something I wasn't doing. I want to get back on track
14 because as far as I'm concerned it is very needed.

15 Q You met Oliver North on several occasions?

16 A I met with him privately on one occasion and had
17 attended two briefings ~~where~~ where several people were
18 present, and was in his company maybe a total of six times.

19 Q So you had an opportunity to observe Mr. North?

20 A Yes.

21 Q What did you think of him?

22 A I was very impressed with Ollie. I believed him

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1 to be very passionately involved in this issue, very
2 charismatic, very emotional, and I believed we were working
3 with the best.

4 Q During the time that you observed Mr. North, did
5 you ever hear him in these public brief^{ing}s that he gave, not
6 public brief^{ing}s but the brief^{ing}s that he gave, did you ever ask
7 him, did you ever hear him ask for contributions?

8 A While Ollie was present? Are you talking about
9 the brief^{ing}s with Ollie?

10 Q Did you ever hear Oliver North ask for
11 contributions?

12 A No. No, but he would say, if something came up,
13 if a contributor would ask a question with regard to money or
14 something along those lines, I remember him making the
15 comment twice because he made the same comment at both
16 briefings, it was sort of just smile and say there are
17 certain things that I can't discuss on this side of
18 Pennsylvania Avenue but that will be addressed by my friend
19 Spitz later on, meaning at the dinner after the briefing.

20 Q So Mr. North never sought contributions?

21 A No. Not that I know of.

22 Q That's what I'm asking.

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1 Do you have personal knowledge whether Lieutenant
2 Colonel North knew that the Channell's tax-exempt
3 organizations were being used for purposes that would not be
4 consistent with the law?

5 A Do I have personal knowledge?

6 Q That's right.

7 A Now, yes, I do.

8 Q You think that North knew what?

9 A Wait. Rephrase the question or reask it.

10 Q Okay, do you have personal knowledge that
11 Lieutenant Colonel North knew that Mr. Channell's tax-exempt
12 organizations were being used for something that was not
13 consistent with the law as you know it?

14 A No, I do not have personal knowledge of that.

15 Q There are several references throughout the
16 exhibits we've had in the last two weeks of your depositions
17 to Mr. North and funds being delivered by Spitz or
18 Mr. Channell or someone else. Do you know what Mr. North did
19 with that money?

20 A No, I do not.

21 Q Do you know if any money was ever delivered to
22 him?

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1 A No, I do not.

2 Q One of the references in the exhibits or in prior
3 testimony was to a ^{\$91,000} ~~travel~~ travel fund. I think it was
4 \$91,000. Did you know whether Lieutenant Colonel North ever
5 received any money for a travel fund?

6 A No, I do not.

7 Q In your opinion now, did you think this was
8 another one of Mr. Channell's ideas to raise money, or did
9 you actually think that there was some substance to what he
10 was saying?

11 A No, I did not believe there was any substance to
12 what he was saying.

13 MR. COHEN: About the \$91,000 travel fund.

14 THE WITNESS: Yes. Yes.

15 EXAMINATION

16 BY MR. FRYMAN:

17 Q I would like to talk to you briefly about the TOYS
18 account, if I could. How did you know where the money from
19 the TOYS account was going?

20 A How did I know --

21 Q Did you know where the money from the TOYS
22 accounts was going?

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- 1 A I knew it was going to IBC.
- 2 Q You don't know if any money from the TOYS account
- 3 was ever used to buy weapons?
- 4 A No, I do not.
- 5 Q You were told that money was being raised for the
- 6 TOYS account to buy weapons?
- 7 A Yes.
- 8 Q Did you feel this was a fundraising scheme?
- 9 A I feel that now, yes. I didn't at the time.
- 10 Q What did you feel at the time?
- 11 A Well, early on, I believed in what I was doing. I
- 12 believed very much in what I was doing, and if I had believed
- 13 up until the very end that it had been done I never would
- 14 have opened my mouth.
- 15 Q Briefly, what were you doing? You said you
- 16 believed in what you were doing.
- 17 A I believed that we were the organization working
- 18 directly on behalf of the President and his policy in Central
- 19 America to provide direct military assistance to the troops
- 20 in Nicaragua.
- 21 Q So you believed that the money you received in
- 22 your fundraising efforts was being used to buy weapons?

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1 A Yes.

2 Q That money was going into, I think a tax-exempt
3 organization, wasn't it?

4 A Yes.

5 Q So you believed, and in fact wanted, the money
6 that was going into a tax-exempt organization to buy weapons
7 for the Contras in Nicaragua?

8 A Yes.

9 (Discussion off the record.)

10 EXAMINATION

11 BY MR. BUCK:

12 Q During the time that you believed the money was
13 being used to buy weapons, were you aware of what the law
14 was?

15 A No, I was not.

16 Q Did anyone ever tell you what the law was?

17 A No.

18 MR. COHEN: I think you ought to ask one more
19 question and that is did they believe in any way that it was
20 against the law or did anyone tell her it was against the
21 law.

22

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1 BY MR. BUCK:

2 Q Did anyone tell you it was against the law?

3 A No.

4 MR. COHEN: Did you believe it was against the
5 law?

6 THE WITNESS: No, I just believed it was against
7 the liberals because that's what I was told. Too politically
8 naive at the time.

9 BY MR. BUCK:

10 Q Did you believe that you were more successful as a
11 fundraiser because you were able to tell potential
12 contributors that you were raising money to buy weapons as
13 opposed to boots or that kind of thing?

14 A I never told the contributors that we were raising
15 money to buy weapons. Those words were never uttered out of
16 my mouth.

17 Q No contributors knew that the money would go to
18 buy weapons?

19 A It was implied but never stated specifically.

20 Q Did you feel that by implying that a potential
21 contributor's money would be used to buy weapons that you
22 would receive more money from that potential contributor?

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1 A Yes and to expound on that it was because of the
2 relationship with Ollie North. Dan asked me to do an
3 analysis, which you have right there, of my fundraising, and
4 to break down the reason that contributions came in, and it
5 was determined that we raised the most amount of money based
6 on meetings with Ollie North.

7 Q So what did you feel Mr. North's role was in this
8 fund~~ra~~ising scheme?

9 A Lending credibility to the implication of the TOYS
10 project.

11 Q You said implication of the TOYS project. Would
12 you explain that, please?

13 A Spitz would always say that we should never come
14 right out and discuss this because we could never know who
15 was an adversary and who was an ally, who was spying for the
16 liberals and who wasn't, and that people would meet with
17 Ollie and that that was all they needed. They could be told
18 that we are -- we have a very special project to support the
19 President's policies directly. In reflection, Spitz would
20 often say how can we expect these young men and women to be
21 fighting a war against Communism with bread and butter and
22 leave it at that and that would get the person all stirred up

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1 and then you would know.

2 Q Do you consider yourself pretty knowledgeable
3 about the situation in Nicaragua?

4 A Yes, I do.

5 Q And briefly, if you could, just how did you gain
6 this knowledge of Nicaragua?

7 A I have studied the history of Central America. My
8 major was international politics and foreign affairs. I have
9 been familiar with what has happened in Central America for
10 some time, and Central America and the Strategic Defense
11 Initiative were the two issues of the Reagan Administration
12 that I was most interested in supporting, and that was the
13 reason I came to Washington.

14 Q You also mentioned conversations that you had with
15 Mr. Robelo.

16 A Yes.

17 Q Did you know Mr. Robelo's role in the Nicaraguan
18 resistance, prior to the conversations that you had with him?

19 A Yes, I did.

20 Q What was his role briefly?

21 A He was one of the leaders of the united Nicaraguan
22 opposition.

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1 Q Was he a military commander or a political
2 official?

3 A A political official heading up the more moderate
4 faction of the united Nicaraguan opposition.

5 Q Geographically located where?

6 A Southern front.

7 Q Now, Mr. Robelo is a political official. He
8 should know about the political efforts in Nicaragua?

9 A Yes.

10 Q Should he know, do you think he should know
11 whether who was buying weapons for the military commanders in
12 Nicaragua?

13 A No, because the funds didn't come through him.
14 They went through Adolfo Calero and FDN.

15 Q Okay, Mr. Robelo told you at one point that
16 Mr. Channell's organizations were not helping him by funds,
17 is that a fair characterization -- by weapons?

18 A The question to him was are we the organization
19 providing the most direct assistance to the troops? And his
20 answer was, you mean like Singlaub? And I said yes, and he
21 said no.

22 Q Now, why would he know about direct assistance to

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1 the troops if he is a political leader?

2 A I believed that he would know who was helping.
3 The political leaders representing the troops, representing
4 the opposition, I believed they should know whether they were
5 getting any help, any private help.

6 Q And how do you know that the political leaders
7 represent the troops or in any way have any connection with
8 money that goes to the troops?

9 A I believed at the time that I asked him the
10 question. I have since learned otherwise.

11 Q How did you gain knowledge of that fact?

12 A I don't think it was a gaining of knowledge.
13 Perhaps it was a presumption on my part.

14 Q Again, was there a basis for the presumption?

15 A I suppose so. When I first met Alfonso it was at
16 a reception that he gave for Enrique Bermudez,
17 B-e-r-m-u-d-e-z, and I was very close to Alfonso, and I
18 believed that he could help me come to terms with my
19 suspicions of this organization. I had been used by the
20 organization to try and bring the organization closer to the
21 Cruz and Robelo faction of Uno.

22 Q Mr. Robelo never told you that money -- he would

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1 see the money that was going to the military commanders, did
2 he?

3 A At that time, no. I didn't elaborate when he
4 answered my question, because I was stymied by what his
5 response was.

6 Q You mentioned a meeting of contributors to the
7 Channell organization on April 15, 1986.

8 A Yes.

9 Q And you described the sitting arrangement around a
10 table. Could I ask you to do that again please?

11 A I didn't describe the sitting arrange^{ment} around the
12 table for the April 16 arrangement. I described it for the
13 January 30 meeting in the Roosevelt room with President
14 Reagan.

15 Q Would you tell me who attended the April 16
16 meeting, if you could?

17 A I recall who of my contributors or potential
18 contributors attended. I don't remember who else was there.
19 My contributors on April 16 were Ricardo Capote, C-a-p-o-t-e,
20 and Searcy, S-e-a-r-c-y, Ferguson, F-e-r-g-u-s-o-n.

21 Q Do you remember if there were any other
22 contributors there?

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1 A Yes, there were other contributors there. There
2 had to have been six contributors there, because at one point
3 in the dinner Spitz was soliciting -- very openly requesting
4 \$600,000 for transport planes, and said there are six of you
5 here. I hope each of you will be able to help accordingly.
6 Who the other four were, there was one other guy who was
7 Kris' contributor and I don't remember his name. A local
8 guy. As far as I know, nobody really ended up giving any
9 substantial money.

10 Q Have you ever met Mrs. Ellen Garwood?

11 A Yes, I have.

12 Q Was she at the April 16 meeting?

13 A I think I would remember that, and I don't think
14 she was. She could have been. I avoided her.

15 Q Why was that?

16 A She was very abrupt. She was rather -- I just
17 didn't like being around her. She was nasty. She wasn't a
18 very pleasant old woman.

19 Q I would like to refer to Exhibit 12. Do you have
20 that in front of you?

21 A Yes.

22 Q Where did you receive the information to develop

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1 this sheet, these two sheets of paper?

2 A As I said earlier, the information came from
3 knowing that these were the districts in which we were
4 placing television advertisements in support of the
5 President's policies. As far as knowing the names of the
6 congressmen, I got that out of the American Almanac. The
7 Almanac of American Politics. That's the name of the blue
8 book.

9 Q How did you know that these were the areas where
10 you were advertising on television or in the media?

11 A How did I know? The information was provided to
12 me by -- to us by the Goodman Agency, who would buy the
13 advertise -- the time in these districts. We had breakdowns
14 of our advertising times and places, and I gathered the
15 information from those documents.

16 Q I'm wondering why you were involved with placing
17 advertisements in different media markets?

18 A It was part of the Central American freedom
19 program.

20 Q I assume, and this is probably where I'm wrong, I
21 assume your function was as a fundraiser. I didn't know that
22 you had --

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1 A In order to raise money, I had to know what our
2 project was.

3 Q In raising money, you would mention that you were
4 advertising in North Carolina or you were advertising in
5 Tennessee?

6 A Yes.

7 Q And you were advertising in Kentucky.

8 A Referring to them as key media markets.

9 Q And how did you know that in North Carolina, you
10 would be advertising in the third Congressional district?

11 A How did I know that?

12 Q Right.

13 A We were given a document by Goodman Agency that
14 was a breakdown of the districts in which we were
15 advertising, and it would give a breakdown of the times we
16 would be advertising, the days we would be advertising, and
17 state specifically this is the third Congressional district
18 of North Carolina.

19 Q The Goodman Agency document would state that it
20 was a Congressional district?

21 A Yes, and that's part of my documents that I
22 provided. I have one of the examples. I was not just a

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1 fundraiser. I was a project director, so it was important
2 that we all know the political nature of what we were doing.
3 I had to know where the opposition was. Where we were trying
4 to have the most influence by providing information and
5 education in these areas, and there's no point in placing
6 television ads in areas where there is support. You want to
7 do it where there is not support, because you believe there
8 is not support because they are not adequately informed or
9 educated.

10 MR. BUCK: Could we go off the record for a
11 second?

12 (Discussion off the record.)

13 BY MR. BUCK:

14 Q Would you tell me how you developed your knowledge
15 of the purpose of the shopping list?

16 A I didn't. The shopping list and Santa's list were
17 mentioned very early on, and they were never -- I don't
18 remember them ever being brought up again. When Kris was
19 explaining to me the TOYS project and what Green stood for,
20 he told me that the shopping list referred to the list of
21 materiel needs of the freedom fighters, but it was very early
22 on, and then it was just never -- I never heard it mentioned

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1 again.

2 Q Did you ever see a shopping list?

3 A At one point, Spitz or Cliff or perhaps both had
4 something in their hands that was -- that they referred to in
5 the office. I remember Cliff holding something at one point,
6 and I remember Spitz holding something and talking to Dan
7 about Santa's list. I recall them being used
8 interchangeably, Santa's list and the shopping list were one
9 and the same, but I never saw the document.

10 Q So Spitz held a document and said, or implied,
11 that it was a Santa's list or a shopping list?

12 A Spitz referred to it as a shopping list and I
13 remember Dan or Cliff holding something in his hand and
14 referring to it as Santa's list, and it was shortly after I
15 started working there.

16 Q January, February time frame?

17 A It would have been -- it was before the meeting on
18 January 30. It was in that two-week time period, and the
19 TOYS project really wasn't explained to me, it was never
20 really explained to me in full. Obviously, if I had one
21 impression and it was something entirely different, but
22 Kris's explanation of it was given to me in February because

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30724.0
ksw

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218

1 we were preparing for this, for our first military briefing,
2 which was to be held March 10, but because of the upcoming
3 vote it wasn't held until March 27; but we were sending
4 mailgrams out as early as February setting the stage for
5 this, and that was when it was explained to me.

6 Q What the TOYS project was?

7 A Yes, and the work that we were doing, and I was
8 always told the reason we had to keep this very quiet was
9 because if this kind of information were to get into the
10 hands of the liberals, it could destroy the President's
11 policies.

12 MR. BUCK: I have no further questions.

13 MR. FRYMAN: I have no questions.

14 MR. COHEN: I have no questions.

15 (Whereupon, at 11:50 a.m., the deposition was
16 concluded.)

17
18
19 JANE E. MC LAUGHLIN
20
21
22

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MAILGRAM SERVICE CENTER
MIDDLETOWN, VA, 22645
28AM

Western Union Mailgram®



4-0447716059000 02/28/86 JCS IPMTZZ CSP WMSB
1 2025436137 MGM TDMT WASHINGTON DC 02-28 0546P EST

UNCLASSIFIED

JANE E MCLAUGHLIN OF THE NATIONAL ENDOWMENT
FOR THE PRESERVATION OF LIBERTY
385 4 ST NORTHEAST
WASHINGTON DC 20002

JM 000032

THIS IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

2025436137 MGMB TDMT WASHINGTON DC 136 02-28 0546P EST
ZIP
MR RENE ANSELMG, PRESIDENT
SIN TELEVISION
460 WEST 42 ST
NEW YORK NY 10036
DEAR MR ANSELMG:

YOU ARE CORDIALLY INVITED TO A PRIVATE MEETING CONCERNING NICARAGUA WHICH WILL BE HELD HERE IN WASHINGTON. A VERY HIGH LEVEL NATIONAL SECURITY OFFICIAL WILL BE BRIEFING THE GROUP OF 10 WHO'VE BEEN INVITED. HE IS UNIQUELY QUALIFIED TO BRIEF US ON THIS ISSUE. THE PRESIDENT NEEDS YOUR PERSONAL SUPPORT TO WIN IN NICARAGUA. HIS PROGRAM WILL BE FULLY DISCUSSED WITH YOU AT THIS PRIVATE MEETING. I HOPE YOU WILL ATTEND AND PARTICIPATE. THE URGENCY OF THE SITUATION REQUIRES ME TO CALL YOU FOR CONFIRMATION AND SECURITY CLEARANCE INFORMATION IN THE NEXT 72 HOURS. I WILL ALSO BE ABLE TO DISCUSS FURTHER WITH YOU PRIVATE DETAILS OF THIS SECURITY MEETING.

JANE E MCLAUGHLIN OF THE NATIONAL ENDOWMENT FOR THE PRESERVATION OF LIBERTY

17:47 EST

MGMCOMP

5-11 (6/7/82)

TO REPLY BY MAILGRAM MESSAGE SEE REVERSE SIDE FOR WESTERN UNION'S TOLL-FREE PHONE NUMBERS

UNCLASSIFIED

5774

ELIZABETH S. HOOPER FOUNDATION
SUITE 1500
THREE PARKWAY
PHILADELPHIA, PENNSYLVANIA 19102

UNCLASSIFIED

May 27, 1986

Miss Jane E. McLaughlin
NATIONAL ENDOWMENT FOR THE
PRESERVATION OF LIBERTY
305 Fourth St., N. E.
Suite 1000
Washington, D.C. 20002

JM 000030

Dear Jane:

Enclosed is the contribution which I mentioned to you on the telephone ten days ago. I am a couple of days late sending it but I hope it will do some good.

Please have Ollie contact me to let me know what he is going to do with it, if that is possible. My office number is: 293-0216; my home number is : 688-6118.

Very truly yours,

Bruce

Bruce H. Hooper
Secretary

BHH/emm

Enclosure

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5775

6/3/86

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To Do

- Green: call Bruce Hooper re: \$100k+ how it will be used
- Norman Braeman: not returning calls; promised \$5k for Nicaragua
- Bill O'Boyle: Jane called + got no return call + called twice (couldn't get an appt)
- Bill Greaves
- Curt Herge
- George Brondi
- Steve La Mazon

029743

Charlie Blakemore:

- Fortress USSR via Federal Express
- computer print out

Bill Forbanga

- J. Starr Davis: Voice of Conservatism
- send proposal via Fed Express

- IBC - develop a plan for ACT/NETL self-sufficiency ^{PR}
- Dave: 1. Success in 1987 - 2. 3/12/87
- send To Do lists to Rich + David
- \$50k into 13 Son's acc - Lynn Hofyiga
- place a memo for Lt. Anamson
- Sony dictating machine phone adaptor

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A 0027671

5776

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1. 1st contributions after a green mtg. -

| | |
|-----------|------------------|
| B. Hooper | 100,000 |
| O'Boyle | 130,000 |
| Ferguson | 5,000 |
| | <u>\$235,000</u> |

2. invited to green mtg. but didn't attend - gave \$

0

3. RR mtg. 1st contributions -

| | |
|-----------|---------------|
| Starres | 30,000 |
| R. Hooper | 30,000 |
| | <u>60,000</u> |

4. other than an RR or green mtg. - JM 000054
\$65,786 (15K for RR SPI)

5. RR mtg. but didn't attend -

| | |
|-----------|--------------------|
| Roberts | 10,000 |
| Beardslee | 100 |
| Goldman | 200 |
| Adams | 1,000 |
| Mosbacher | 5,000 |
| Lucas | 747.50 |
| Jacobs | 1,000 |
| | <u>\$18,047.50</u> |

4 - m

(5777)

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JM 000182

Spitz met with President Reagan last Tuesday to discuss Nicaragua and during the course of their discussion, Spitz brought up the issue of [REDACTED]

You know, of course, that the President's aid package to Nicaragua passed in the Senate [REDACTED]. However, it's doubtful that any aid will reach the Freedom Fighters much before the end of October (expound, if necessary). The President is very concerned that Congress will take their good old time in getting the bill ready for his signature. For this very reason, the President has urged Spitz to produce new TV messages with current information on Nicaragua and start them as soon as possible and run them into October - to act as a constant reminder to Congress to get on with things.

Spitz has given this as well as what the President shared with him [REDACTED] a great deal of thought. He's come up with what I regard an excellent plan of action.

It became very apparent to Spitz not only last Tuesday when he met with the President but again this morning in a phone conversation with the White House - that there is growing frustration with regard to [REDACTED] especially where Nicaragua is concerned. (5454)

This is a very opportune time to show the President that there are [REDACTED] who fully support his policies in Central America and are willing to put themselves on the line in the name of democracy.

If the President were to know that you and your people were actively supporting his policies in Nicaragua there is no doubt that he and the White House would be far more attentive to your plight [REDACTED]

While President Reagan is still in office and before the November elections it is very important that you and your people gain proper access to the White House. Your commitment to a true democracy in Nicaragua is your ticket to such access. [REDACTED]

The plan of action is to have your people finance the TV messages on Nicaragua during the conference committee

01002

UNCLASSIFIED

DEPOSITION
EXHIBIT


UNCLASSIFIED

selection and negotiations of the appropriations bill to which the Nicaraguan aid package is attached. This would involve a minimum three week period beginning as early as September 8th.

It will cost approx. \$70,000 per week to saturate the Washington DC media market with TV messages running three times daily (early AM news; noonday news; and prime time evening) Monday through Saturday on the major local networks.

Because of our close relationship with the President and the White House we would let them know who is financing the TV messages in direct support of the President's policies in Nicaragua.

This would be just the introduction you and your people need and would be able to capitalize on in the very near future. This would allow you and your people to be directly linked with the President's policies in Central America.



We would need a total of \$210,000 (\$70K/week) to launch this campaign as a final measure to support the President and urge Congress to expedite the legislative process.

The payment schedule is as follows:

JM 000183

1. The first installment of at least \$70,000 should be received no later than September 5th (should we begin the 8th) in order that at least one full week is financed and air time can be bought accordingly.

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transcribe tape of her
speech @ Ethics & Public Policy meeting

(K) Big Dinner Event

1. "Where do we go from here?" (based on the election results)
2. Chair: Bunker Hunt (intro of Larry McDonald Memorial & Memorial to victims of KAL 007)
3. invitees
 - a. Hi \$ Western Goals contributors
 - b. prospects
 - c. foundation representatives
4. Congressmen as speakers
 - a. Phil Crane
 - b. Steve Symms
 - c. Orrin Hatch
 - d. Mark Holtzman
 - e. Edward Teller
 - f. Joseph Coors
5. dinner
6. Forum of Conservative Congressmen
 - a. addressing the conservative agenda, based on election results

(L) analysis on money for Western Goals for December

1. CRC will get 2-3 Congressional sponsors for Western Goals
 - a. Steve Symms

M. Western Goals projects:

1. terrorism films
2. Nicaraguan aid letter
3. put people on the radio (pay to put them on)

C H 023642

01004

A 0020833



b. Jeremiah Denton

c. problem: how far ahead of time do we book them?

N. WG analysis: % of \$ from WG contributors/NEPL contributors

II. Western Goals-Europe

A. meet with Franz Joseph Strauss

1. get a letter from Strauss saying "We really need you over here...(to broadcast the conservative message to all Germans)"
2. get Franz Joseph Strauss's position on SDI to the White House

B. Gerhard Lowenthal

1. 7 minute film @ ^{per line} wall
2. develop a script; contact young man @ Checkpoint Charlie Museum
3. "how the torch will mean so much to Germans"
4. 3 minute message from Kaiserliche

C. radio station offer

1. Frieberg available now
2. Stuttgart later
3. 10 stations in total
4. total investment available: \$60,000
 - a. CRC has committed \$20,000 (not due til Spring)
 - b. 20-25% per year return on investment
 - c. with each 5% ownership, owner gets to broadcast 1 1/2 hours per week on any subject of the owner's choosing
 - I. political candidates can only be spoken about in the 2 months before the election
 - II. can make political commentary

C H 023643

5. what is the law about foreign/nonprofit ownership?
6. how many stations can we get?
7. what is the listening audience for each radio station?
8. how many government owned stations are there? where? how many listeners?

D. Constitution Project

1. \$1 - 1 1/2 million is being requested to co-sponsor ads

a. our Chief Justice resigned to participate in this project!

2. Mercedes Benz
3. BMW -- Strauss
4. Lufthansa
5. Volkswagen
6. Die Welt
7. Senate of Berlin
8. Gerhard Lowenthal

status

C H 023644

a. get text of Constitution to Gerhard ASAP (can Burkhard do this?)

9. find out who the ad agencies in the U.S. are for these firms

10. status of meetings with companies

E. contact in Arlington, VA: Hanns-Seidel Stiftung/Foundation

1. formerly housed at Heritage Foundation

F. Checkpoint Charlie Museum: Dr. Hildebrand, director

G. Prince Louis Ferdinand @ Charlottenberg

1. get sample German invitations *from Burkhard*

H. Torch for Freedom

1. good dates to erect: June 17 or August

2. find out when RR will come to Berlin for 750th anniversary

a. best time is August 13

3. Lowenthal: will investigate 2 ways to have the torch
4. Lowenthal: send NEPL Nicaragua tapes ASAP
5. professionally videotape the lighting of the torch in Berlin to show to contributors who can't attend
6. Burkhard: photos of the Berlin wall at night (check Liam's books first) —→ LIAM

I. Communists at Bleveld Univesity

1. send us your report
2. get it translated
3. what other investigations do you want to do? S H 023645
4. get Bob Dornan cover letter
5. headline: "RR authorizes SDI research money to be given to Communist scientists" (do a memo in Linda Guell's style)

III. Hill Potomac Group

- A. send letter to prospects asking them to become clients

IV. Rich Miller

- A. What will be the extent of the Freedom Fighter's public relations program in 1987?

V. South Africa

- A. arrange a briefing on how to submit a bill to end sanctions on South Africa
- B. briefing on current law and how long it will last; find out if any Democrats said the current bill was horrible
- C. call ^{Ed} Kagan in Eliot Abrams office to determine all this

Long Holiday - 647-6545

... is present law vulnerable:

1. how can we cripple the current sanction law?

VI. David Fischer

A. Meese meeting

1. first with staff person to discuss Meese's participation in the Constitution project
2. DLC: draft of endorsement letter
3. bring list of Constitutional law experts so Meese can pick 3
4. schedule 3 dinners
5. list from Honor Meese Dinner
6. list of Eisenhower Building contributors
7. Lyn Nofziger lists
8. National Steering Committee membership recommendations

B. RR thank you letter

C. RR thank you meeting

D. John & Nancy Ramsey meeting

E. Pentecost meeting

F. Dole meeting: after November 4th

G. send ACT political tapes for RR

H. ~~send copy~~ ^{send of} of resume of Barbara Newington's friend (attorney)

I. status of sets of photos

1. King

2. Garwood

J. Bill Simon meeting

K. Berger information: who's on Steering Committees

L. Orin Hatch: mailing lists: -- David knows (meeting?)

023646

H

project by ~~Dec 15~~ Jan 15

N. SDI meetings: David to arrange: due by end of Jan

1. Mike Curb
2. Joe & Holly Coors
3. Bill Marriott
4. David to make list by Dec 15 of National Sponsors

O. David will do liason work for West Germany

P. ~~David~~ Bob Dole: list of 20 people to invite to Future of Freedom meetings

Q. David: letter to Mrs. King from Casey re: her brother

1. send David a memo on Mrs. King's brother
2. Casey letter: "I know what you did in honor of your brother's memory and I want to personally thank you." (we can have either a letter or a personal meeting in DC)

R. status of meeting of Bill O'Neil with Regan

VII. Curt Herge

- A. laws of European philanthropy
- B. what UNO can and cannot do in the US (what are State Department restrictions?)
- C. National Rifle Association--PAC: why doesn't their report show more expenditures?
- D. British foundation: ASAP!
- E. direct mail development
 1. how did FCM get its direct mail off the ground (process)?
 - a. NCPAC
 - b. High Frontier
 2. to be better in direct mail, do we need more publicity?
 3. do we need an important signer? Dole?

023647

when he'll be back in town?

VIII. Direct mail

- A. meeting with new direct mail people this week!

IX. Bill Forlenza

- A. analysis of Western Goals direct mail to contributors
 - 1. Viguerie meeting
 - 2. Bruce Eberle meeting
 - 3. Mike Thompson meeting
 - 4. Steve Winchell meeting
 - 5. Brent Bozell meeting
- B. Forlenza: Western Goals Status Report (extra copies)

X. Lyn Nofziger

- ? A. arrange a meeting with Richard Wirthlin to^c discuss what his polls show after the election
- ? B. Lyn or David Fischer: how are you with Regan?
 - 1. arrange an appointment with Regan on Nicaragua
- C. Lyn or David Fischer: can we get through to Joe Coors?

XI. Nicaragua

- A. develop a plan for the Nicaraguan War Information Service
 - 1. daily video tapes (actualities)
 - 2. follow the model of Afghanistan
 - 3. research books on how press treated Vietnam
 - a. Mike Iacobellis: literature on press treatment of Vietnam in scholarly journals
 - 4. RR to make an aggressive speech
 - a. nobility of the Freedom Fighters' cause

023648

Communist regime

c. give Green an outline of the speech on Tuesday

d. RR should change the context

I. don't let the left do it

e. RR should have UNO there

647-7024
Andy
ack

B. Bob Kagan: State Dept: get an appointment for the last week of October re: Nicaraguan Support Group (by conservatives)

C. Wesley Smith: contact for CAFF program

D. design CAFF program for Jan - March

E. meeting on Nicaragua with consultants

1. what we did right and wrong

2. what we need to do for the next go-round

C H 023649

F. C-span tape of RR speech on Nicaragua -- has Fawn sent it?

1. can we use clips from it? *permission needed from C-span*

Rafael has it

G. arrange tour of US military bases that are doing Contra training for Ramsey & Adolfo

XII. SDI

A. "Pledge to Support SDI to the End": membership campaign

B. meetings to arrange

1. Richard Perle

2. Bud McFarlane

3. Ed Luttwak

4. Kuykendall

C. Whittle Johnston

D. Q: what is the role of direct mail in educating the population? (vs. tv, radio, newspaper)

1. budget: \$150,000 per week

2. ask Goodman, Blakemore, Finklestein

2. revise my dream brochure

1. Jane's World Aircraft (from Washington Times) SDI quote (Nov 20 to Dec 7) *Mike*
2. picture of RR & Gorbachev in Reykvik saying goodbye
3. quote of RR: "I'm not going to give away SDI" *Mike*
4. graph: '72 or '77 thru '87 spending on SDI (compare Soviet vs. US) *Mike*
5. headline: "Democrats Control Congress; SDI Doomed"
6. headline in center of cover: Year of Crisis
7. deadline: end of December

Rafael

XIII. Bob Dole

- A. "What Conservatives Must Do to Save the Reagan Agenda"
- B. Future of Freedom seminars in Jan/Feb

C H 023650

XIV. Green

- A. tour of Berlin Wall!
- B. NEPL contributors
 1. have all been called for Green fund?
 2. call Barbara Howell
 3. call EA Morris
- C. Fred Sacher & Green: walk on the wall at dusk

status?

XV. Ed Luttwak

- A. where are the budgets?
- B. agenda for Wednesday morning
- C. Blueprint for Democracies -- February, 1987
 1. 20 people
 2. Kissinger, Kirkpatrick to participate
 3. RR meeting to welcome participants (@ White House)

Paul Volpert

- submissions to govt
- not to be used for fund raising

4. hold at May Adams hotel: February 25 through 27, 1987
5. develop a publication from the meetings
6. we'll get stenographers to take verbatim transcripts
7. Luttwak will bring research assistants
8. plan of the meeting
 - a. day 1
 - I. free expression -- 3-4 hours
 - II. broad outlines of a strategy
 - b. day 2
 - I. country groups to see how the strategy will work
 - II. report back to plenary session
 - c. day 3 (1/2 day)
 - I. list & describe the arguments against the strategy broadly & the strategy in specific countries
 - II. develop counter arguments
 - d. later: Congressional briefings
- D. new topic: religion as a motivating force in revolution
- E. December 10: Bob Dole & Ed Luttwak meeting
 1. Dole: "Crisis in American Foreign Policy: The Commies Take Over the Senate"
 2. Topic: Guerilla Warfare
 3. Topic: How the Soviets Do It (as a model for how democracy should take over countries)

XVI. Dan Ruykendall

- A. get endorsements for Network America
 1. 5 Congressmen and/or Senators who'll sign letters for Western Goals

- B. letter from Steve Symms supporting Network America
- C. who did the RR film for the Republican party & who contributed?
- D. lists to acquire
 - 1. Eagles
 - 2. Senatorial Trust
- E. Constitution: list of Congressional supporters (due by 12/20)
- F. arrange dinner with Paul Craig Roberts (Georgetown), Dole, & Ed Wiesel (week of Dec 9)
- G. status of Nixon meeting
- H. suggestions on who we should invite to the Nixon event
- I. arrange dinners on Constitution project for all fund raisers with Kuykendall, Dole, David Fischer
- J. South Africa: where is present law vulnerable?
 - 1. how can we cripple the current sanction law?
- K. arrange Teller to meet with Ellen Garwood & CRC Dec 16 - 18
- L. review meetings with new prospects for CRC & DLC -- who can Kuykendall introduce us to?

H 023652

XVII. Terrorism

- A. arrange meetings (not constituency on anti-terrorism)
 - 1. Ray Kline
 - 2. Kooperman
- B. Green's staff to speak on terrorism
 - 1. Bob Earle
 - 2. Craig Coy
- C. arrange a day in Jan/Feb on terrorism

1. get hostage Jacobsen to speak (Green can get)
2. Terry Waite to speak
- D. Terry Arnold Conference on Terrorism: what is the status?

XVIII. Taiwan

- A. Mike: statements of Congressmen and Senators who're supportive of Taiwan
- B. request a list of Congressmen and Senators who're supportive of Taiwan from the embassy

XIX. Constitution

- A. title: "To Live Free"
- B. Whittle Johnston
 1. Adams or Jefferson wrote an essay on how the Constitution should properly be celebrated (get citation)
- C. important point: our Chief Justice resigned to do this project!
- D. Craig Smith: Statue of Liberty list
- E. Rick Manning: National Rifle Association may want to co-sponsor our Constitutional Minutes
- F. phone #: (202) PATRIOT
- G. RR film: 3 to 5 minutes on the Constitution
 1. show on first or last day of Constitutional Convention
 2. budget: \$500,000
 3. play on all networks nationally

H. National Sponsors/National Steering Committee

1. Charlton Heston
2. 2 astronauts Neil Armstrong John Glenn
3. Washington Redskins - Joe Gibbs - Jack Kent Cooke
4. Clint Eastwood
5. Helen Hayes
6. 2 or 3 preachers Pat Robertson, Jerry Falwell

Tom Selleck

A 0020844

023653

b. call Ralph Hixson for religious
political leaders in Dallas

7. Billy Graham
8. *Silber, Boston University - John R. Silber
9. Donald Trump
10. *American University president - Dr. Richard Driehaus
11. Fr Hesburg Notre Dame University
12. Dolly Parton
13. Paul Laxalt
14. Pearl Bailey
15. Willard Scott
16. Bunker Hunt
17. Roger Staubach
18. Ross Perot
19. Chuck Robb
20. Denton
21. Iacocca
22. IM Pei
23. ~~Chinese?~~
24. ~~Cubans?~~
25. Marcos
26. ~~Schwartz~~
27. Bill Cosby
28. Barbara Jourdan
29. Lady Bird Johnson
30. St. John Garwood
31. Mrs. Douglas MacArthur
32. Richard Nixon
33. Bill Simon

C H 023654

17-35-

34. Bruce Springsteen

35. Tina Turner

36. Aretha Franklin

37. Don Johnson

38. Stephen Spielberg

39. Michael J. Fox

40. George Lucas

41. Katheryn Hepburn

42. Mary Martin

43. Sylvester Stallone

44. Angela Lansbury

45. John Denver

46. Anna Chenault

47. Claire Booth Luce

48. Shirley Temple Black

49. Anne Armstrong

50. Malcolm Forbes

51. Edward Teller

52. Eddie & Fran Chiles

I. Kuykendall: review list to see how many he can get in 30 days

J. celebration in September

1. fireworks exhibition @ WH on Sep 25¹⁷

2. ads on tv all night

a. 1, 2, 3, 5 minutes, nationwide

3. RR makes a national paid address

4. celebrity dinner for National Committee

a. RR attends

b. culmination: 30 minutes of fireworks

C H 023655

A 0020246

near Lincoln Memorial

c. contributors attend dinner

XX

Nicaraguan Book

A. The Struggle for Nicaragua

B. Contributors

1. Charles Robb
2. Henry Kissinger
3. Uri Orlov

→ 4. Chevechenko

XXI. Richard Nixon

- A. get Future of Freedom folder printed
- B. Nixon briefing in NYC
- C. "Strategy of Summitry"

XXII. IARM: Institute for the Analysis of Revolutionary Movements

- A. Kris Littledale, Executive Director
- B. 1 secretary
- C. 2 fund raisers
- D. 1 media consultant
- E. activities:
 1. conferences
 2. publishing
 3. polls
 4. commercials

XXIII. DC Briefings

- A. Jan 15 - Nixon, Kissinger
- B. Feb 15 - Insurgency (NEPL)
- C. Feb 25 - Dole - Future of Freedom
- D. new project: State of the Union III

C H 023656

- A. Angela: keep a file for CRC: new contributors by direct mail
- B. Mike: Gold Book: Palm Spring's Who's Who
- C. Mike: Washington On-Line inquiries
- ① Funderburke for Senate
2. Linda Chavez for Senate
- ③ DC contributors
4. Dole contributor list
- D. Mari Maseng: RR letter response
- E. Kris: President's Club article from Fund Raising Management
- F. Warms: 1986 contribution report
- G. Bob Vastine recommendation: ad man: Roger Ailes, NYC, John Krauscher, Ailes Communications C H
- H. what shall we use him for?: Clark Clifford, Democrat, former Secretary of Defense
- I. develop a list of what consultants can do for us, especially Lyn Nofziger
- J. Goodman owes us \$14K
1. we sent \$20K for election nite placement
2. only \$6K used
- K. fund raisers
1. go visit someone in DC once a week
2. how can we get the fund raisers to call the contributors?
3. arrange personal encounter meetings with prospects for fund raisers
4. arrange fund raising events: have a shepard (call Tom Synhorst)
- a. process: shepard; call; letter; call; event (with Senator); thank you
- b. 200 invitations; 40 responses (host

023657

ALOWS ADVISEES;

I. 8 weeks lead time

c. solicitation letter: try the report format used by Linda Guell; cover letter from a name

5. priorities:

a. 2 fund raising events per month in DC

I. one for Western Goals

II. one for NEPL

b. 1 fund raising trip per month outside DC

I. leave Sun, return Wed

II. leave Thurs, return Mon

6. goal for December: \$60K for Western Goals!

7. needed: new ways to manage the fund raisers! (reports on specific people they've contacted?)

8. Austin, TX trip: 3 or 4 days; Dec 20 thru Dec 23 *reschedule?*

a. Driscoll Hotel

b. Liam, Cliff, Dan, Spitz

L. Harold Simmons-Montreal: go visit him!

1. call Art Finklestein

M. daily tasks: check balances, fund raising results

N. George Victorson: drawing of Berlin Freedom Torch

O. directors & officers liability insurance

P. NEPL list

1. add all dm responders (separate code)

a. sort by highest gift/

2. first of every month: notebook to each fund raiser of current list

3. Western Goals contributors should be arranged the same way
4. DLC must approve the print out
5. are Jane's contributors on the data base?
6. why aren't specific contributors on the list?
7. get a print out of contributions?
8. get NEPL print out by reps initials

Q. Rafael

1. develop a written internship program
2. what countries do we want to involve in the Constitution project?

3. UNO meeting Dec 22 - where?

a. fly on Dec 20 - return Dec 23?

b. Miami?

R Security Guards

1. 8 am to 6 pm (2 per day)
2. list of who can come in
3. needed for 2 months
4. plain clothes
5. ask David Fischer
6. what else can they do?
7. ask Kuykendall
8. sweep phones for bugs
9. does Linda Quall know codes?
10. change the codes ASAP!
11. keep front doors closed & locked at all times
12. Marines/Police

S. David Lane

1. 34A & 134
 2. Constitution
 3. Berlin Freedom Torch
 4. Future of Freedom
 5. organize fund raisers all over TX & OK
- T. Margaret Brock: arrange for her to have a fund raiser for us
- U. Fred Sacher & Green: walk on the wall at dusk
- V. what's happened to this list?
1. CA list of Armenians: strong Conservative who ran for Senate
 2. we've done nothing with this list
 3. Jane & Kris divided the list
- W. Green list of contributors to Nicaragua
1. Brunel
 2. Goldsmith
 3. ask them for the Constitution!
- X. ask Ramsey for referrals for fund raising
1. Cliff Overcash
 2. John Hamilton
 3. George _____ (Jane solicited; didn't get anything)
- Y. Mitchell's (developers in Dallas)
1. Mrs. Lynch knows them
- Z. Ellen Garwood's list of referrals
1. Clive Bussells
 2. Caroline Shaw
 3. Lloyd Smith, Houston
 4. Kennedy, _____
 5. Ellen's sister for the Constitution

H 023660

AA. prospects for fund raising

1. Steve Bechtel

CH 023660A

A 0020852

RECEIVED 10, 1988 10:17 AM (11/17/88) page 1

I. Western Goals

- (A) new letter to Western Goals contributors
1. declare a victory in all races where we won
 2. we'll start again in February
 3. we'll put these people on the air
 - a. Orrin Hatch
 - b. Jesse Helms
 - c. Jack Kemp
 - d. Newt Gingrich
 - e. Pat Buchanan (when he leaves the White House)
 4. we want Jeremiah Denton as radio commentator

B. new letter to Western Goals contributors

1. do a mailing on the German radio program ASAP
2. try the report format used by Linda Guell; cover letter from a name

- (C) develop a state by state analysis after the election

(D) solicitation strategy

1. we're not being militant enough
2. review hi dollar contributor results (Liam)
3. send a letter on Hassenfus out ASAP

(E) Western Goals report to Barbara Newington

(F) Larry McDonald Memorial Project

(G) Western Goals: prepare 4 page proposal of Network America

H. McIlhany: owes Western Goals money (advance against a book never written)

(I) Jean Kirkpatrick: public affairs spokesperson for Network America

C H 023661

A 0020832

**NATIONAL ENDOWMENT
FOR THE
PRESERVATION OF LIBERTY**

305 FOURTH ST. N.E.
SUITE 1000
WASHINGTON, D.C. 20002

April 3, 1986

Mr. Bruce Hooper
Fidelity Court Building
Radnor - Chester Road
Radnor, PA 19087

Dear Mr. Hooper:

As you well know, we are in the final days of the President's crucial campaign to achieve the aid the Freedom Fighters so desperately need.

Not simply humanitarian aid, but more importantly the effective military aid needed if the Freedom Fighters are to continue successfully resisting attacks by Soviet-supplied Mi-24/HIND D gunships.

The cause of freedom over tyranny will hang in the balance in Nicaragua during the next 100 days. At our upcoming meeting you will be briefed in detail on what those 100 days hold in store for the Freedom Fighters.

We appreciate your support of \$15,000. Your help has kept the President's most important foreign policy issue very much alive. We are certain this will lead to ultimate victory on April 15th.

I am enclosing materials for your review. We look forward to seeing you and Ralph on April 16th or 24th.

Sincerely,

Jane E. McLaughlin
Jane E. McLaughlin

Enclosures
JEM/ajd



**NATIONAL ENDOWMENT
FOR THE
PRESERVATION OF LIBERTY**

JM 00015

April 15, 1986

305 E. BETH ST. N.E.
SUITE 1000
WASHINGTON, D.C. 20001

Mr. Roberto Gonzalez Blanco
Republic National Bank
10 N.W. 42nd Avenue 7th Floor
Miami, FL 33126

Dear Mr. Blanco:

I am pleased you have accepted our invitation to attend the military briefing on Nicaragua at the White House on Wednesday, April 16, 1986.

The program will include senior staff who will discuss the President's continuing efforts to resolve the conflict in Nicaragua.

As of March 31, 1986, all humanitarian aid from the United States to the Freedom Fighters of Nicaragua ended. A victory for the President is expected when the House of Representatives casts its second decisive vote on this issue tomorrow afternoon. However, there will be at least a three month delay on any new aid to the Freedom Fighters.

During this time at least \$3 million in humanitarian aid will be needed to continue supporting those forces fighting for freedom in Nicaragua.

You are one of ten private citizens who will be participating in this briefing which will be followed by a working dinner. During and after dinner a special project to specifically support the President's goals in regard to Nicaragua will be discussed and undertaken by the group.

I have enclosed materials for your review detailing the work of the National Endowment for the Preservation of Liberty (N.E.P.L.).

Accommodations at the Hay Adams Hotel and White House security clearance have been arranged. I shall be waiting for you at National Airport for your arrival on Pan Am #254 at 3:38 PM.

We look forward to meeting with you.

Sincerely,

Jane E. McLaughlin



NATIONAL ENDOWMENT
FOR THE
PRESERVATION OF LIBERTY

JM 00015

305 POLARIS ST. A.E.
SUITE 000
WASHINGTON DC 20002

April 21, 1986

Mr. Rafael Conill
Conill Advertising
501 Fifth Avenue
New York, NY 10017

(212) 661-6588

Garcia, Asst.

Dear Mr. Conill:

You are cordially invited to a briefing at the White House. The program will include senior staff who will discuss the President's continuing efforts to resolve the conflict in Nicaragua. The briefing will convene promptly at 6:30 p.m. on April 24, 1986.

As of March 31, 1986, all humanitarian aid from the United States to the Freedom Fighters of Nicaragua ended. At present, Congress is debating the critical issue so vital to U.S. national security. A final positive vote on aid is expected on May 12, 1986. There will be at least a three month delay on any new aid to the Freedom Fighters.

During the delay, at least \$3 million in aid will be needed to continue supporting those forces fighting for democracy in Nicaragua.

You are one of ten private citizens being asked to participate in this briefing which will be followed by a working dinner. During and after the dinner, a special project to specifically support the President's goals in Nicaragua will be discussed and undertaken by the group.

The project is urgent and requires me to call you for confirmation and White House security clearance information no later than 12:00 p.m. April 23, 1986. Your dinner and accommodations at the Hay-Adams Hotel on Lafayette Square are complimentary on the night of April 24, 1986.

Sincerely,

Jane E. McLaughlin

JEM/ajd





00687

7. Selected D's. ^{dependent military place JM}
1. North Carolina #3 - Whitley - huge district - Raleigh/Charlotte
 2. North Carolina #8 - Hefner - hockey district
 3. Tennessee #5 - Borer - ~~Danville~~ Nashville
 4. Tennessee #6 - Gordon - rest of Nashville - 12-15 counties
 5. Tennessee #8 - Jones - entire western part - northern Memphis
 6. Kentucky #3 - Mazzoli - central Louisville -
 7. Kentucky #1 - Hubbard - western part of state - huge -
 8. Florida #6 - McKay - central - Gainesville, Okaloosa
 9. Florida #14 - Mica - gold coast - Palm Beach, Boca Raton
 10. Florida #18 - Pepper - Miami
 11. Florida #19 - Fascetti - south of Miami - Keys
 12. Missouri #1 - St. Louis - William Clay - a huge ADA black Democrat
 13. Texas #10 - Pickle - Austin - Travis County
 14. Texas #5 - de la Garza - McAllen

not quite city
center

MALABU
12

15. Texas #16 - Roz Coleman - El Paso - ~~secret~~ ^{secret} 12
 16. Texas #23 - Bustamante - surrounds San Antonio
 (Laredo)
 17. New Mexico #3 - Bill Richardson - * Spanish
 (Santa Fe) - politics
 18. Penn. 8th - Kostmayer JM 000688
 19. Texas #5 Bryant
 20. Texas #12 Jim Wright (Dallas)

MICHAEL - DEMOCRAT - 1952

Number after each name indicates as follows:

#1 - Voted for Michel II only.

#2 - Voted for both Michel I and II.

| | | | |
|---------------------------------|----|------------------------------|------------------|
| ROBINSON - Arkansas | 1 | JONES - Oklahoma | 1 |
| FUQUA - Florida <i>fence</i> | 2 | WATKINS - Oklahoma | 1 |
| BENNETT - Florida | 2 | McCURDY - Oklahoma <i>JM</i> | 1 |
| MACKAY - Florida <i>against</i> | 1 | ENGLISH - Oklahoma | 1 |
| GIBBONS - Florida | 2 | KANJORSKI - Pennsylvania | 1 |
| MICA - Florida | ②? | MURTHA - Pennsylvania | 2 |
| SMITH - Florida | 2 | DERRICK - South Carolina | 1 |
| PEPPER - Florida | 2 | SPRATT - South Carolina | 1 |
| FASCELL - Florida | 1 | LLOYD - Tennessee | 2 |
| THOMAS - Georgia | 2 | COOPER - Tennessee | 1 |
| HATCHER - Georgia | 2 | BONER - Tennessee | ① <i>against</i> |
| ROWLAND - Georgia | 2 | GORDON - Tennessee | ①? |
| HEFTEL - Hawaii | 2 | JONES - Tennessee | ①? |
| STALLINGS - Idaho | 1 | CHAPMAN - Texas | New |
| LIPINSKI - Illinois | 1 | HALL - Texas | 2 |
| PRICE - Illinois | 1 | PICKLE - Texas | 2 |
| MAZZOLI - Kentucky | 1 | DE LA GARZA - Texas | 2 |
| LONG - Louisiana | 1 | COLEMAN - Texas | 1 |
| BYRON - Maryland | 2 | BUSTAMANTE - Texas | 1 |
| WHITTEN - Mississippi | 1 | ANDREWS - Texas | 1 |
| SKELTON - Missouri | ②? | ORTIZ - Texas | 2 |
| RICHARDSON - New Mexico | 1 | DANIEL - Virginia | 1 |
| BIAGGI - New York | 2 | SISISKY - Virginia | 2 |
| WHITLEY - North Carolina | 1 | MOLLOHAN - West Virginia | 1 |
| HEPNER - North Carolina | 1 | ASPIN - Wisconsin | 1 |

SUMMARY:
 50 Names
 22 States



NICARAGUA - REPUBLICAN LIST

Number after each name indicates as follows:

#1 - Voted for Michel II only.

#2 - Voted for both Michel I and II.

✓ ZSCHAU - California 2

ROWLAND - Connecticut 1

JOHNSON - Connecticut 2

✓ ~~MAKIAN - Illinois~~ ② ?

FAWELL - Illinois 2

TAUKE - Iowa 2

McKERNAN - Maine 1

SNOWE - Maine 1

DAVIS - Michigan 2

✓ BEREUTER - Nebraska 2

GREGG - New Hampshire 2

RINALDO - New Jersey 2

ROUKEMA - New Jersey 2

FISH - New York 1

GILMAN - New York ① ?

HORTON - New York 1

GRADISON - Ohio 1

✓ ~~Bob Smith - Oregon~~ 2

CLINGER - Pennsylvania 2

GOODLING - Pennsylvania 2

RIDGE - Pennsylvania 2

COUGHLIN - Pennsylvania 2

MORRISON - Washington 2

CHANDLER - Washington 2

SUMMARY:

22 Names

13 States

JM

000410

N.C. DATE

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Ollie: how extensive is Singlaub's organization
ask Frank to be Secretary - Treasurer of Western Goals

1. Jerry Huntzinger

- who does Amer Express' direct mail

- how many AMEX cards in Europe? - can we get the list?

Herb Harmon

- direct mail (904) 222-4910

Int'l who's who: 100 wealthiest people

CARE

- Amer Field Svc

- Youth for Understanding

- Experiment for Intl Living (Brattleboro VT)

- Jefferson Educational Fdn

- African American Institute

- HBR article on Pepsi Cola

- Richard Allen's firm

- Henry Kissinger

- Jean Kirkpatrick

- IDU: London Executive Director

David Fischer

- Republicans Abroad

Partially Declassified/Released on **10 FEB 88**
under provisions of E.O. 12356
by K. Johnson, National Security Council

5456

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McLAUGHLIN
EX. # 11

DEPOSIT
EXHIBIT

- Bill O'Neil

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- letters w/ the booklet to:

- radio stations news directors / talk show hosts
- tv station talk show hosts
- newspaper editorial editor

Red Smith, Republican Senatorial Committee
Inner Circle

NY Times, Wash Post ad for telemarketing supervisor

Lunch w/ Linda Fischer: Eric

- preferred lists: State where it's legal to use copies of names

Executive Services TX2

% list of insiders (SEC)

ME Lewis & Co. - ^{managers} Presidents Club for RNC \$1,000
- copy of Peter Grace

Western Goals:

David { RR letter re: radio network
western Goals background

draft a Casey letter for NEPL

Ed Meese follow up

get speakers for Western Goals conference

ATAC: get Gole to endorse it

David: give Bush file contents

subscribe to Defense News @ NEPL (ask Spitz for a copy)

George: needs 3 new ^{PR} quotes for SDI booklet
looking packet on Saudi arms sale to Syria

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Wick to Office. (NSA)

Pass Brothers: Men

John: Men's uses relative

395-2000

shopping list on Men. with

Off: Men: call Hager

Wick to

Smiley Rattig
Shandy, VA

Conventive plan list

Albert @ Suica
19th + M

all Amb Philip Smiley

amb: Sorjano

4pm.

1000 Thomas Jefferson

St
Stc 601

"M + K"

Tom Perologus

Remondal Subjunct

have they discussed their
for yet?

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UNCLASSIFIED

1 0027406 R

5/3/85

UNCLASSIFIED

T. Do

1. - ads on Nicaragua (Nicaragua I)
 - develop thank you package to go to previous contributors
 - thank you letter from Smith
 - thank you letter from Pat Buchanan
 - thank you letter from Ed Rollins
 - summary of ad placements + vote change in the House of Representatives
 - script of the ad & stills alongside
2. IDC
 - get copy of letters (A+B) on 5/6/85 (Mon.)
 - send copy to Bunker Hunt asking for permission to use his name
 - send stationary to New Jersey
3. Victory for Virginia Campaign
 - make appointment to go to Richmond to see Smith
4. Calero
 - get list of material needs (boots, bandages, etc.)
 - set first IDH briefing date for first week in May
 - set appointment to see slide show to be viewed at briefing
 - arrange John Ramsey's trip to Nicaragua
 - set John Ramsey's band-raiser dinner date in Wichita Falls TX for last week in May
 - call Billy Monger
 - call Margaret Brock
 - call Albet Exner
5. IBs
 - appointment for Barbara Newington to meet RR

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UNCLASSIFIED

5/13/85
②

6. Shaw Washington
 - make appt for lunch with Ray Hower (657-3333) for week of 5/13/85
 - get list of Washington Board of Trade members from Eric Olson
7. Nicaragua II
 - solicit Ray Hower for \$25,000
 - solicit Terry Farmer for \$25,000
 - solicit Truman Hunt for \$25,000
8. Vice President Bush
 - make appointment to see him wk of 5/13/85
 - Craig Fuller: 456-1414
 - pull together all copies of Select 500 reports
9. Edie Fraser / Tom Miner
 - arrange meeting with Larry Spivey
10. South Africa
 - get appt to see R. F. Himmelman, VP Public Affairs, General Motors, Washington office
11. Barbara Newington
 - develop memo on a.) who she is b.) what's done to warrant meeting R.R.

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To DoNicaragua I ads

- develop thank you package to go to previous contributors
- thank you letter from Spitz
- summary of ad placement
- storyboards of the ads
- thank you letter from Pat Buchanan
- thank you letter from RR. COPY

2. IDC - JANE SMITH

- call Bunker Hunt
- find out call dates - 25th + 26th of June

3. Victory for Virginia Campaign

- make appt to see Smith Ferebee in Richmond, VA
- develop list of people to solicit (outside VA)
- Bureau for Govt

Calero

- get list of material needs (boots, bandages, etc.)
- develop slide shows
 - social political briefing
 - military briefing
 - Calero needs briefing
- arrange John Ramsey's fund raiser in Wichita Falls, TX
- arrange fund raisers in other parts of US
 - Billy Monger
 - Margaret Brock (213) [REDACTED] PRIVACY
 - Albi Ochener
- solicit Mr. Dayford, owns newspaper chain in Okla City or

5. IBC

- appt for Barbara Newington to meet RR 6/20
- Republican House - Senate Dinner list
- Baby Museum Dinner list
- Calero picture
- Conservative Conference white paper
- Jacques Chirac, Mayor of Paris

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6. Grow Washington
- Cuban mailing list
 - letter to Jean Kirkpatrick, Honorary Chair of ACT
 - appt. to see Charlton Heston
 - go see Reagan '84 campaign ads
 - progress on Nicaraguan note
 - WH briefing #3: July 18 or 19
7. Nicaragua II ads
- Solicit contributors for \$25,000
 - Roy Haley (send copy of Nic I + II ads on VHS)
 - Larry Parmen
 - Bunker Hunt
 - Langdon Washburn (develop briefing packet)
 - send Lloyd Unsell, IPAA, schedule of ads
8. Vice President George Bush
- call Craig Fuller (456-1414)
 - summary of Select 500 responses
 - send out New Select 500 survey
 - develop a position paper on Bush ^{forums} meeting / conference
9. ~~Summit~~
- appt. w/ RT Kingman, VP Public Affairs, New Motors, DC off.
 - develop slide show outlining plan
 - develop list of companies to see
 - appt w/ Ambassador before he leaves (Faurie)
 - memo (background) from Frank Homey

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A 0027632

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10. Barbara Newington
- develop memo on her background
11. Jamaica
- give small check to Tom Evans
- get info on Jamaica + Intl Youth Conference
- get thank you letter from Campbell for Congress
- get thank you letter from Tom Evans for Campbell
12. Freedom Spots
- write solicitation letter
- develop list of prospects
- Roe Foundation
- Justin Bart, Jr
- J. Peter Dunston, VP Martin Marietta Corp
- Whittle Johnston, Charlottesville, VA
- get endorsement letter from RR
- develop scripts
13. Oil Spots
- write solicitation letter
- get endorsement letter from Lloyd Unsell, IPAA
- send \$10,000 contribution to Lloyd Unsell, IPAA
14. John Roberts
- letter from RR
- RR to address Conservative Conference sponsored by ACT
- Nicaraguan refugees / WH briefings
- ~~Barbara Newington to meet RR~~
- send report on Nicaragua II ad

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002933

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15. Administration

- call Rick Segal, Barnes Morris + Pardoe 463-3200
- go see building next to Lyn Nofziger
- hire researcher
- sell Olivetti machines
- sell photocopy machines
- buy computers
- develop list of previous contributors
- develop master list of prospects
- arrange test w/ Chris Littledale + Co
- Tad Hillman letter
- develop color portfolio/folder from Colad-Jones

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1/8/86

Jan 20 - Feb 5

Bunker's \$237.5 on Mon
 Green's \$400K on Tues
 Bob + Adam Goodman mtg

Sasakawa (87)

Gene (in Philadelphia) is name _____
 aka (Jeff Bell) RR '76 campaign against Ford

Roger Ailes
 (Manhattan)

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A 0027704

1/13/86

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Green:

Fawn: status on WH staff briefing

- Spitz: list additions
- Select 500 additions

^{stein}
 - Arthur Fink^{stein} (Ron)
 (914) 591-8142
 16 N. Astor
 Irvington NY 10533
 A J F + Assoc.

- (national) - 20 questions: \$1,000 per questions
 (Week) - 300 interviews per district
 - 60 questions
 \$10K per district

GREEN Shopping List due 1/15/86

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2/4/86

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To Do

Green: Kiss re-assignment: National Guard
~~Suits: vacation policy~~
 Elliott Abrams: CIA trip; Eli Jacobs, lunch mty on 2/6
 Mrs. Hiddens: Jim Hullbert updates
 Cassidy Assoc to coordinate w/ CEH staff
 dictating machine from Angela
 call Terry Delan
 Linda Quall
 Jim McAvoy
 Green: shopping list
 NAB: Jim Hullbert, Mrs. Hiddens
 Peter Space spot: Steve Cook
 Norman Braman: Wash On-Line (Miami)
 Edie Fraser: letter writing campaign
 Mrs. Hiddens: dinner w/ Green next wk
 Venice: Evelina / Camicheria

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2/6/86

UNCLASSIFIED

CAFP63 target swing notes
issues:

- military viability
- image prob (human rights; are they unified?)

spokespeople

- UNO members or liaison group members

- TK - MS - SC

- FL - KY

- MO - NC

- Creoles scheduled in Feb (persecuted); targeted in NC + SC

- problem: availability of English-speaking Nicaraguans



labor

business

religious

2/18-21 : Calero available

Honduras: Smith, Riggs report

Q- when will
press announce?
- next article
distribution?
news bureau?

Human Rights Report:

call
Elliott Abrams ASAP

satellite feeds from Managua by 2/15
film due 2/17

work up an elite press package
news bureau @ Steve's office
invite contributors to press events
NEPL press conference

A 0027672

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6/3/86

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Meritman = Phil Nelson

To Do

- Green: call Bruce Hooper re: \$100K+ how it will be used
- Norman Braeman: not returning calls; promised \$5K for Nicaragua
- Bill O'Boyle: Jane called + got no return call + called twice (couldn't get an appt)
- Bill Greaves
- Curt Herge
- George Biondi
- Steve Mc Mahon

Charlie Blakemore:

- Fortress USSR via Federal Express
- ~~computer print out~~

Bill Forlenza

- Western Goals: Voice of Conservatism
- send proposal via Fed Express

- IBC - develop a plan for ACT/NEPL, self-sufficiency ^{PR}
- Brazil: Eusebio no. Survey report Thurs. 6/12/86 ^{20/15}
- send To Do lists to Rich + David
- \$50K into 10 Senate race: Lyn Hoffiger
- prepare a memo for Dr. Adamson
- Sony dictating machine phone adaptor

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A 0027671

